Debt Management Report

2004-2005

Canada

106-00991/

Debt Management Report

2004-2005

Department of Finance Canada
Ministère des Finances Canada

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Price: $10.70 including GST

This document is available free on the Internet
at www.fin.gc.ca

Cette publication est également disponible en français.

Cat. No.: F1-33/2005E
ISBN 0-660-19539-9

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Foreword by the Minister of Finance

I am pleased to table the Government of Canada's *Debt Management Report* for fiscal year 2004–05. It provides a full accounting of how Canada's debt is managed.

Thanks to eight consecutive budget surpluses since the Government balanced its books in 1997–98, we have been able to reduce the federal debt by some $63 billion. These debt reduction efforts have freed up an additional $3 billion, on an annual basis, to deal with the priorities of Canadians in areas such as health care, education, improving our infrastructure and promoting a cleaner and greener environment.

This is a clear example of prudence with a purpose. Furthermore, our debt-to-GDP (gross domestic product) ratio has declined from 68.4 per cent in 1995–96 to 38.7 per cent in 2004–05. This represents the lowest debt-to-GDP ratio since 1983–84, and we remain on track to meet the Government's target of achieving a debt-to-GDP ratio of 25 per cent within 10 years.

The Government's improved financial position has ushered in an era of federal debt management where the key challenge is to maintain a liquid and efficient government securities market in the face of declining borrowing requirements. This year's *Debt Management Report* highlights ongoing efforts to meet this challenge and to improve the management of our debt. Examples of initiatives taken over the past year include:

- Reducing the time frame in which operational results are made public. This reduction has helped lower market risk for participants and improved the efficiency of the auction process.

- Conducting a review of the distribution framework for government debt to ensure its continued effectiveness in supporting broad participation and a competitive well-functioning market for Government of Canada securities. This, in turn, helps the Government raise stable, low-cost funding.

Through effective management of our debt and a sustained commitment to fiscal responsibility and prudence, our government continues to do everything it can to ensure that Canada's economy remains strong and prosperous, both now and in the years to come.

The Honourable Ralph Goodale, P.C., M.P.
Minister of Finance
Ottawa, November 2005

Purpose of This Publication

The *Debt Management Report* provides a detailed account of the Government of Canada's borrowing, cash and foreign exchange reserves management operations over fiscal year April 1, 2004 to March 31, 2005.

It provides a comprehensive report on the environment in which the debt is managed, its composition and changes during the year, and performance against the strategic plan set out in the 2004–05 *Debt Management Strategy*, published in March 2004. A set of reference tables containing statistics on the operation of debt programs is also provided.

The information contained in this report is designed for a range of interested parties and to ensure transparency and accountability in the Government's borrowing and cash management activities. The *Debt Management Strategy* and the *Debt Management Report* are tabled annually in Parliament and are available on the Department of Finance website at www.fin.gc.ca.

Federal Debt Management

Management of the federal debt involves two major activities: actively managing the portion of the debt that is borrowed in financial markets; and investing part of the proceeds of borrowing in liquid assets until needed by the Government. As of March 31, 2005, the Government had $435.5 billion of market debt composed of marketable bonds, treasury bills, retail debt, foreign currency debt, Canada Pension Plan (CPP) bonds and obligations related to capital leases, and $59.5 billion of liquid financial assets composed of domestic cash balances and foreign exchange assets.

	(C$ billions)
Market Debt	
Payable in Canadian currency	
Marketable bonds (fixed-rate bonds with 2-, 5-, 10- and 30-year maturities and Real Return Bonds with 30-year maturities)	266.6
Treasury bills (zero-coupon securities with 3-, 6- and 12-month maturities)	127.2
Retail debt (Canada Savings Bonds and Canada Premium Bonds)	19.1
CPP bonds	3.4
Obligations related to capital leases	2.9
Payable in foreign currency	
Marketable bonds and foreign currency notes (fixed-rate bonds, Canada notes and Euro Medium-Term Notes)	12.4
Canada bills (zero-coupon securities with 1- to 9-month maturities)	3.9
Liquid Financial Assets	
Cash	20.6
Foreign exchange reserves	38.9

This document is structured as follows:

- Part I describes the fiscal environment in which the debt is managed and the composition of market debt.
- Part II reports on performance against the 2004–05 debt strategy by major theme: risk/cost, liquidity, participation and frameworks.
- Part III provides details on activity in the individual domestic and foreign debt programs during 2004–05.
- Annex 1 explains the composition of the federal debt, Annex 2 contains a glossary of debt management terms and Annex 3 contains contact information.
- Reference tables provide historical information on the debt-related activities of the Government.

Overview

In 2004–05 the Government continued to reduce its level of indebtedness. On a full accrual basis of accounting the federal debt was reduced to $499.9 billion, down $63 billion from its peak in 1996–97. The federal debt fell $1.6 billion in 2004–05. With a budgetary surplus of $1.6 billion and a net source from non-budgetary transactions of $3.2 billion, there was a financial source of $4.8 billion in 2004–05. With this financial source, the Government retired $4.8 billion of its market debt and increased its cash balances by $49 million. Debt-servicing charges were down $1.7 billion from fiscal year 2003–04 as a result of a 30-basis-point reduction in the average interest rate paid on the public debt. The reduction in the debt since 1996–97 has resulted in savings of over $3 billion annually. Lower debt-servicing charges benefit all Canadians.

Debt, cash and reserve management actions in 2004–05 continued the process begun in 2003–04 of reducing the fixed-rate share of the debt from a target of two-thirds to 60 per cent by 2007–08, with resulting adjustments to the sizes of the treasury bill and bond programs. The fixed-rate share fell from 63.8 per cent to 63.1 per cent over the course of the year. The stock of treasury bills and cash management bills increased by $13.8 billion to $127 billion, while the stock of nominal bonds declined by $13.9 billion to $244 billion.

An important initiative undertaken in 2004–05 was the reduction in the time in which auction and operational results are made public (turnaround time). On April 1, 2004, the Government reduced the turnaround time for auctions and operations in which bonds are repurchased from fixed times (10 and 15 minutes respectively) to a "best efforts basis" (i.e. when ready). Since the change, turnaround times have averaged less than 3 minutes for auctions and less than 7 minutes for buybacks. The reduction in turnaround time has helped reduce market risk for auction participants and has improved the efficiency of the auction process.

One of the key challenges for the Government in recent years has been to maintain a liquid, well-functioning government securities market in the face of declining borrowing requirements and reduced bond issuance. The Government has an interest in sustaining a liquid and efficient market for Government of Canada securities for the purpose of providing stable low-cost funding. A liquid and efficient government securities market also provides key pricing and hedging tools for market participants, thereby contributing to the effective functioning of the broader Canadian fixed-income market.

While liquidity remained at high levels in 2004–05, consultations with market participants suggest that the sizes of nominal bond auctions, particularly in the 10- and 30-year maturities, and benchmark bond sizes, may be approaching their lower limit. The Government may need to adjust the structure of the bond program in the near future to ensure continued liquidity in the government securities market. Accordingly, in 2005–06, it plans to assess potential structural changes to the bond program and to further consult with market participants on the topic.

As part of good governance and management, different aspects of the debt program are reviewed periodically. These reviews are conducted internally at the Department of Finance and Bank of Canada or by external specialists. In 2004–05 a review of the debt distribution framework was conducted.

This report also features indicators that are intended to provide interested parties with an understanding of some of the key measures that debt managers follow with respect to debt management programs and well-functioning securities markets.

Governance

Part IV of the Financial Administration Act empowers the Minister of Finance to borrow money on behalf of Her Majesty in right of Canada. The Minister is authorized to issue securities and do any other thing related to the borrowing of money that the Minister considers appropriate. Section 49 of the act requires the Minister to table in the House of Commons, within 45 sitting days after the tabling of the *Public Accounts of Canada*, a report on the activities of the Minister in relation to the management of the public debt.

Responsibility for strategic planning and the operational management of the public debt is jointly borne by officials at the Department of Finance and the Bank of Canada. The Bank of Canada acts as fiscal agent for the Minister of Finance in issuing debt and conducting other debt market operations.

The oversight of activity is carried out through the Funds Management Committee (FMC), which comprises senior management from the Department of Finance and the Bank of Canada. The FMC advises the Minister of Finance on policy and strategy, oversees the implementation of approved policy and plans, and reviews performance outcomes.

The FMC is supported by a Risk Committee (RC), whose mandate is to oversee and advise on the risk management policy and to report to the FMC on financial risk positions and exposures. The Financial Risk Office at the Bank of Canada provides analytical support to the RC in this role and is responsible for monitoring and regularly reporting on the financial performance and position of the public debt, including market, credit, operational, liquidity and legal risks.

Debt Strategy Framework

Purpose

Raise stable, low-cost funding for the Government of Canada.

Principles and Objectives[1]

Well-functioning market

Emphasize transparency, liquidity and regularity in the design and implementation of domestic debt programs in order to maintain a well-functioning domestic government securities market.

Work with market participants and regulators to enhance the integrity and attractiveness to investors of the market for Government of Canada securities.

Cost-effectiveness

Manage the structure of the debt by balancing cost and risk to help protect the Government's fiscal position from unexpected increases in interest rates.

Prudence

Raise funding for domestic operational needs in Canadian dollars.

Manage the Receiver General cash position to ensure that cash balances are maintained at reasonable cost to the Government and that credit risks are controlled through diversification.

Borrow using a variety of instruments, a range of maturities and a diversified investor base.

Consultations

Seek input from market participants on major adjustments to federal debt management policy and programs.

Best practices

Ensure that the operational framework and practices are in line with the best practices of other comparable sovereign borrowers and the private sector.

[1] For information on the management of foreign reserve assets, see the 2004 *Report on the Management of Canada's Official International Reserves* at www.fin.gc.ca/toce/2005/oir05_e.html.

Part I: Debt Management Context

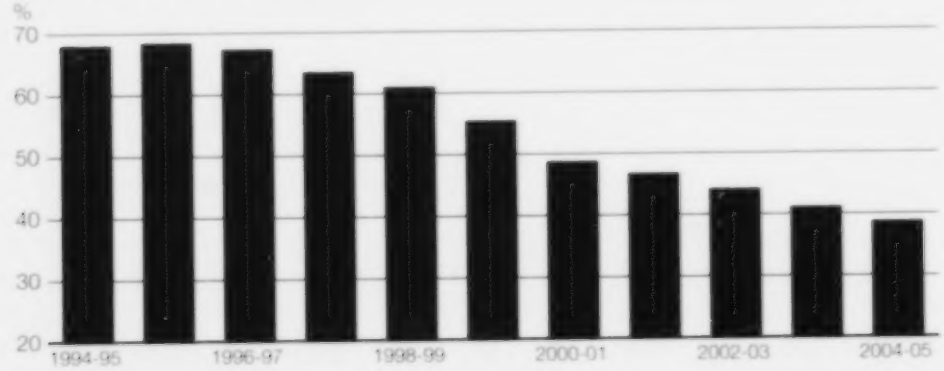
Since the annual debt-servicing cost is the largest single budget expense of the Government, effective management of the federal debt is especially important for all Canadians. This section provides an overview of the Government's fiscal plan and the composition of the debt stock. The Government's fiscal position sets the context within which debt management decisions are taken. One of the key decisions of debt management relates to the composition of the debt stock, which directly affects debt costs.

The Fiscal Plan

Budgetary Outcome

The Government recorded a budgetary surplus of $1.6 billion in 2004–05, its eighth consecutive budget surplus. The federal debt has been reduced by $63 billion since its peak in 1996–97. The federal debt-to-GDP (gross domestic product) ratio has fallen 29.7 percentage points from its peak of 68.4 per cent in 1995–96 to 38.7 per cent in 2004–05 (see Chart 1), its lowest level since 1983–84. For detailed information, see the 2004–05 *Annual Financial Report of the Government of Canada* at www.fin.gc.ca/toce/2005/afr_e.html.

Chart 1
Federal Debt–to–GDP Ratio



Source: Department of Finance.

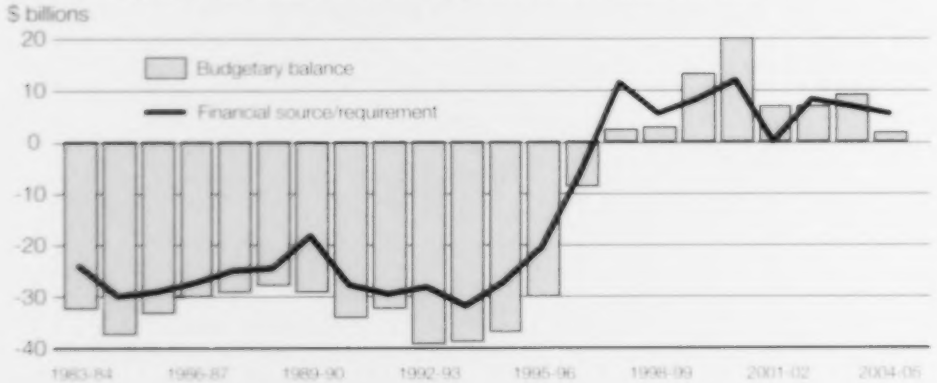
Financial Source/Requirement

The key budgetary measure for market debt management is the financial source/requirement. While the budgetary balance is presented on a full accrual basis, recognizing revenues and expenses when they are incurred, the financial source/requirement is a cash flow measurement that captures the current- and prior-year budgetary items, as well as the cash implications of non-budgetary transactions. As such, the financial source/requirement determines the changes in the market debt and in the level of financial assets.

The budgetary surplus of $1.6 billion and a net source of funds from non-budgetary transactions of $3.2 billion produced a financial source of $4.8 billion in 2004–05 (see Chart 2). This compares to a financial source of $6.2 billion in 2003–04, and a source of $7.6 billion in 2002–03. The financial source in 2004–05 was used to reduce market debt by $4.8 billion.

Chart 2

Budgetary Balance and Financial Source/Requirement

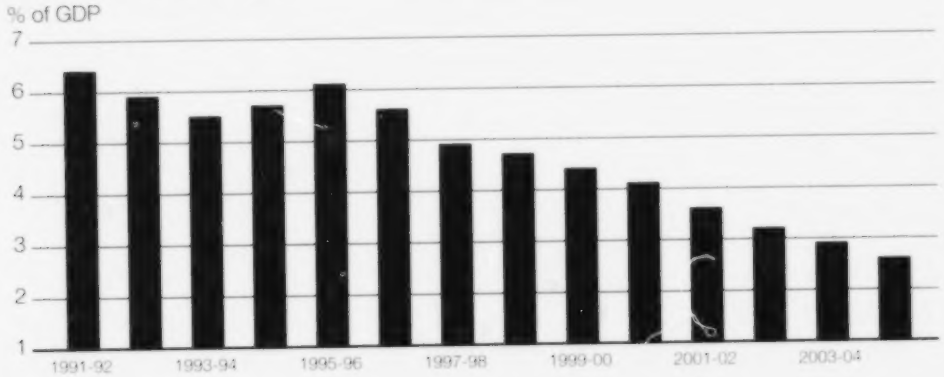


Sources: *Public Accounts of Canada* and Statistics Canada.

Public Debt Costs

In 2004–05 the Government spent 17.2 cents of every dollar of revenue to pay interest on the public debt, down from a peak of almost 39 cents in 1990–91. Public debt charges as a percentage of GDP declined to 2.6 per cent in 2004–05 from 2.9 per cent in 2003–04 (see Chart 3). In 2004–05 the average interest rate paid on the public debt declined by 30 basis points to 5.5 per cent from 5.8 per cent in 2003–04.

Chart 3
Public Debt Charges

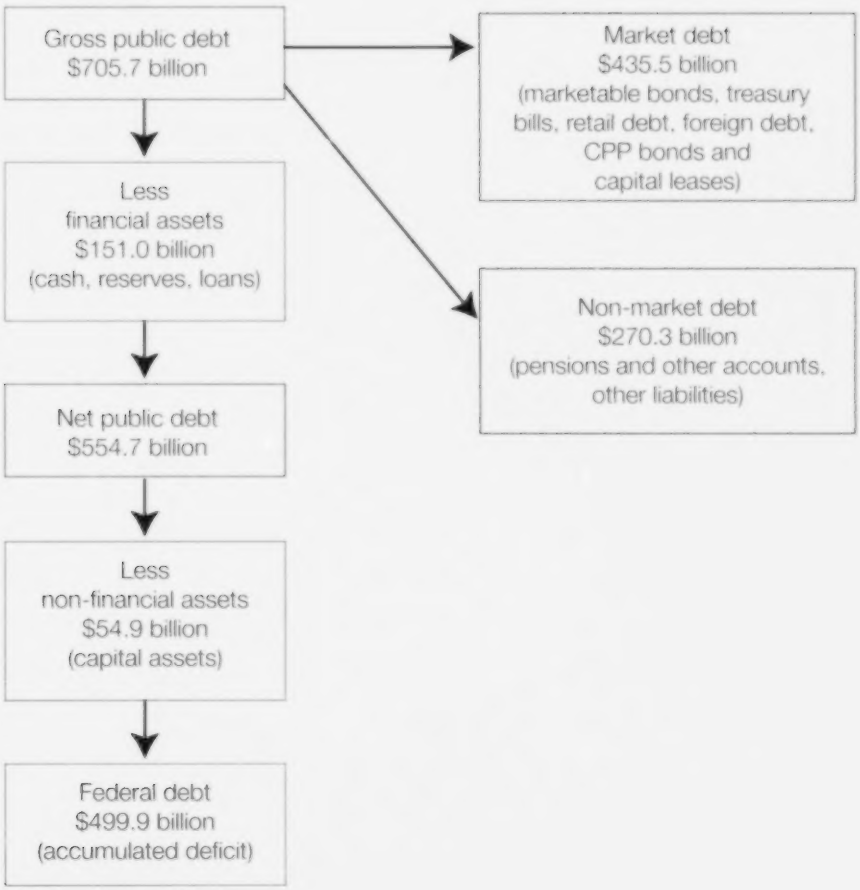


Source: *Public Accounts of Canada.*

Composition of the Federal Debt

The federal debt consists of the total liabilities of the Government of Canada (gross debt) minus financial and non-financial assets. Gross debt can be broken down into market debt and non-market debt. Market debt is funded in the capital markets and is actively managed by the Government. Non-market debt comprises liabilities held by the Government outside capital markets and includes the Government's obligations to public sector pension plans, the CPP, as well as other liabilities, accounts payable and accrued liabilities and allowances. The following diagram illustrates the relationships between the components of the federal debt, based on the 2004–05 fiscal year. See Annex 1 for a more detailed description of the composition of the federal debt.

Federal Debt as at March 31, 2005

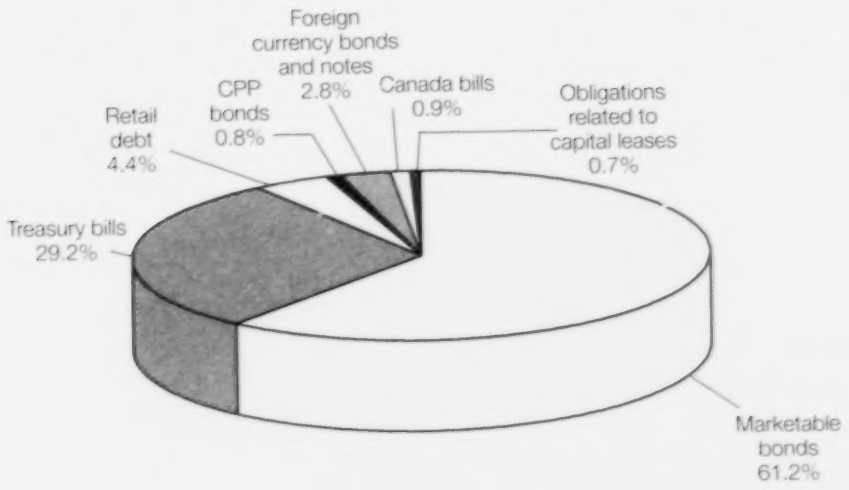


Note: Numbers may not add due to rounding.
Source: *Public Accounts of Canada.*

There are two types of market debt: domestic debt, which is denominated in Canadian dollars, and foreign currency debt (see Chart 4). The Government borrows in Canadian dollars using wholesale and retail funding. Wholesale funding is conducted through issuance of marketable securities, which include nominal bonds, Real Return Bonds and treasury bills. These securities are sold via auctions to Government of Canada securities distributors and end-investors. (The names of and details on the framework for government securities distributors and primary dealers can be found at www.bankofcanada.ca/en/auct.htm.) Retail funding is raised through sales of Canada Savings Bonds products to individuals who are Canadian residents.

See www.fin.gc.ca/invest/instru-e.html for a detailed description of the Government of Canada's market debt instruments.

Chart 4
Market Debt, March 31, 2005

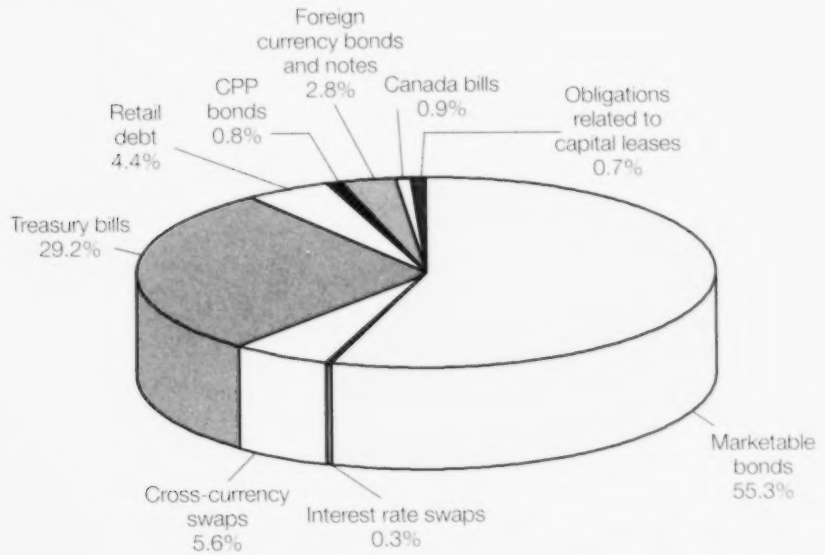


Sources: *Public Accounts of Canada* and *Annual Financial Report of the Government of Canada*.

Funds raised in Canadian dollars are used primarily to meet the Government's operational requirements. A portion of Canadian-dollar wholesale debt is swapped to foreign currencies to fund the Government's foreign exchange reserves. Chart 5 shows market debt taking into account swaps. The Government also borrows in foreign currencies to fund reserves, which are held in the Exchange Fund Account (EFA). The EFA provides a source of foreign currency liquidity and is used to promote orderly conditions in the foreign exchange market for the Canadian dollar.

Table 1 shows the change in the composition of federal market debt in 2004–05 by domestic and foreign debt programs. Further details on the changes in programs and indicators of debt management operations and activities can be found in Part III. Total domestic debt was reduced by $0.7 billion while foreign currency debt declined by $4.1 billion.

Chart 5
Market Debt (Post Swaps), March 31, 2005



Note: As at March 31, 2005, the total amount of interest rate ($1.5 billion) and cross-currency ($24.5 billion) swaps oustanding stood at $26.0 billion. Cross-currency swaps convert C$-denominated government debt into foreign currency obligations for the purpose of funding the foreign reserves portfolio.

Sources: *Public Accounts of Canada* and *Annual Financial Report of the Government of Canada*.

Table 1
Change in Composition of Federal Market Debt, 2004–05

	April 1, 2004 Outstanding	March 31, 2005 Outstanding	Change
		($ billions)	
Domestic debt	413.5	412.8	-0.7
Foreign currency debt[1]	20.5	16.3	-4.2
CPP bonds and notes	3.4	3.4	0.0
Obligations related to capital leases	2.8	2.9	+0.1
Total market debt	440.2	435.5	-4.8

Note: Numbers may not add due to rounding.

[1] Liabilities are stated at par value at the March 31, 2005, exchange rate.

Source: *Public Accounts of Canada*.

Part II: Report on 2004–2005 Debt Strategy

The federal debt strategy covers the management of federal market debt and operational activities related to it, including the management of Canadian-dollar cash balances and the funding and investment of Canada's foreign exchange reserves. Annual debt strategy planning sets out the objectives for the year in each of these domains and provides for a series of initiatives.

A well-functioning wholesale market in Government of Canada securities benefits the Government as well as a wide range of market participants. For the Government as a debt issuer, a well-functioning market attracts investors and ensures that funding costs are kept low. For market participants, a liquid and active secondary market in government debt provides credit-risk-free assets for investment portfolios, a pricing benchmark for other debt issues and swaps, and a primary tool for hedging interest rate risk.

In 2004–05 a number of initiatives were undertaken to enhance the effectiveness of the Government of Canada's debt management. This document reports on these initiatives organized around four key themes: cost and risk; maintaining a well-functioning government securities market; encouraging participation in the government securities market; and framework reviews.

Cost and Risk

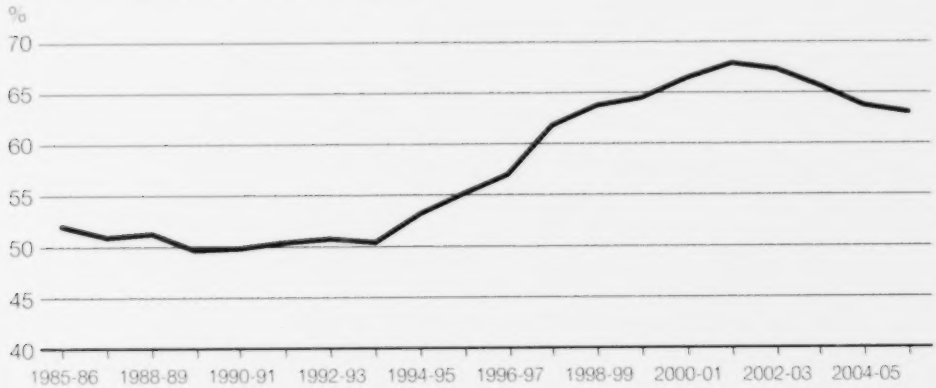
The Government's objective of maintaining stable, low-cost financing involves managing exposure to a range of financial risks. The key risk for the Government relates to changes in interest rates and their effect on domestic borrowing costs (interest rate risk). A lesser risk is the Government's credit exposure to financial institution counterparties with which it transacts (credit risk). This section provides an overview of the main considerations in balancing interest rate risk and cost.

Debt Structure

The Government has access to a variety of instruments to fund its debt, with standard maturities ranging from 3 months to 30 years. As does any other borrower in the financial markets, the Government generally faces a trade-off between cost and risk when selecting the instruments it issues. Borrowing costs of longer-term instruments tend to be higher, but are fixed for long periods. On the other hand, borrowing costs of shorter-term instruments tend to be lower on average, but more volatile. By choosing the proportion of each instrument it issues, the Government can establish a debt structure that strikes an appropriate balance between keeping costs stable and low.

The main operational target used to manage the debt structure is the fixed-rate share, which measures the proportion of interest-bearing debt having fixed rates—debt that does not mature or need to be repriced within one year—relative to total interest-bearing debt. The fixed-rate share incorporates both market and non-market debt. In the February 2003 budget, the Government announced its intention to reduce the fixed-rate share target from two-thirds to 60 per cent by 2007–08 (see Chart 6).

Chart 6
Fixed-Rate Share of the Debt



Source: Department of Finance.

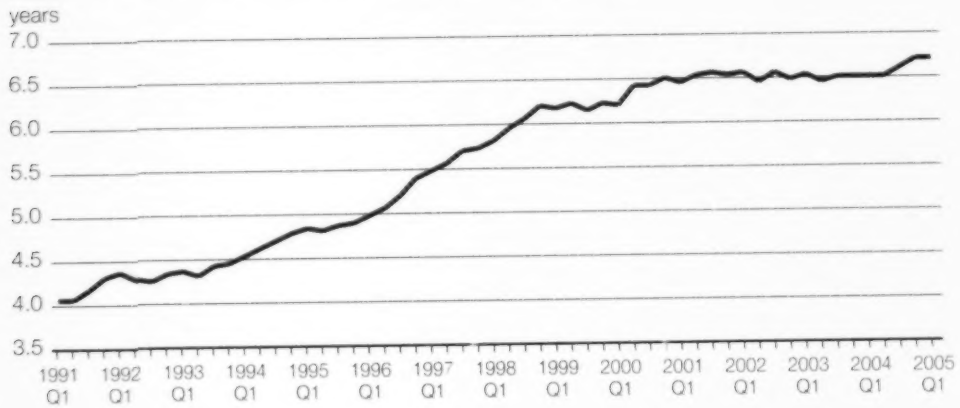
The decision to lower the fixed-rate share is based on positive economic and fiscal developments in Canada in recent years. Financial simulation modelling indicates that a 60-per-cent fixed-rate share would result in lower borrowing costs under a large number of interest rate scenarios without compromising debt-cost stability.

In 2004–05 the Government continued to reduce the fixed-rate share, with the share declining from 63.8 per cent to 63.1 per cent over the fiscal year. The change in debt structure will continue to be implemented gradually, in an orderly and transparent manner, over the next few years.

As a consequence of the adjustment in the fixed-rate share, the stock of outstanding treasury bills and cash management bills increased from $113.4 billion to $127.2 billion in 2004–05, while the stock of outstanding nominal bonds declined from $258.2 billion to $244.3 billion.

In addition to the fixed-rate share, the Government uses other indicators to track the exposure to interest rate risk inherent in the debt stock. The average term to maturity (ATM) represents the average length of time before debt instruments mature and become subject to refinancing risk. The ATM of marketable debt has stabilized at around 6 ½ years since 2000, after having increased from roughly 4 years in 1991 (see Chart 7). A longer ATM means that debt instruments are rolled over less frequently, which implies less uncertainty regarding future debt costs.

Chart 7
Average Term to Maturity of Marketable Debt



Source: Bank of Canada.

Maturity Profile

A related strategy to reduce the risk of higher borrowing costs is the maintenance of a stable maturity profile. A well-distributed maturity profile limits the need to refinance a large portion of the debt in any given period when borrowing conditions may be unfavourable.

The emphasis on the regularity of debt operations, including in particular regular cycles for new bond benchmarks, helps to maintain a stable maturity profile. As well, the cash management bond buyback (CMBB) program, through which benchmark bonds maturing within a year are repurchased before their maturity dates, helps stabilize the maturity profile within a given year and manage cash balances effectively around large maturity dates. By reducing the need to accumulate high cash balances leading up to large bond maturities, the CMBB program also smoothes out seasonal fluctuations in treasury bill issuance. Overall, through the CMBB program, large maturities were lowered by 21 per cent in 2004–05, reducing the Government's cost of holding high levels of cash balances for key coupon and maturity payment dates.

Risk Associated With Funding the Foreign Reserves

The Government borrows in foreign currencies to raise foreign exchange reserve assets for the Exchange Fund Account. These assets provide foreign currency liquidity and help promote orderly conditions for the Canadian dollar in the foreign exchange markets. Foreign exchange funding requirements in 2004–05 were met primarily through cross-currency swaps, which are particularly cost-effective compared to other funding sources.

Collateral management frameworks are used to manage the Government's credit risk to financial institution counterparties associated with cross-currency swaps. Under these frameworks, high-quality collateral (e.g. cash, securities) is placed with the Government when the Government's exposure to a counterparty exceeds specified limits.

Risk measures are reported on a monthly basis to management at the Department of Finance and the Bank of Canada.

Maintaining a Well-Functioning Market

The Government supports the maintenance of a liquid well-functioning market for its marketable securities in order to help maintain low funding costs. One way it achieves this goal is by building large liquid benchmark bonds and treasury bills in various maturity sectors on a regular, predictable basis. The use of multiple maturities attracts a wide array of investors, while regular and transparent issuance ensures that there is no uncertainty as to the Government's plans. Initiatives outlined in the 2004–05 *Debt Management Strategy* to promote liquidity in the Government of Canada securities market were:

Diversified and regular issuance: The Government continued its practice of issuing and building large liquid benchmarks in a variety of instruments and terms to maturity to target a diverse investor base. These instruments include four bond maturity sectors (quarterly 2-, 5- and 10-year auctions and semi-annual 30-year auctions); three treasury bill maturity sectors (3-, 6- and 12-month maturities with auctions every two weeks); a long-term inflation-indexed bond (quarterly issuance); and debt issued as part of the retail debt program. Regular issuance helps provide certainty for dealers and investors in their preparations for auctions.

Benchmark target sizes: The 2-, 5-, 10- and 30-year new building benchmark target sizes were unchanged from the previous year (2-year bonds: $7 billion to $10 billion; 5-year bonds: $9 billion to $12 billion; 10-year bonds: $10 billion to $14 billion; and 30-year bonds: $12 billion to $15 billion). All benchmarks built in 2004–05 were within their target range.

Regular buybacks: Against the backdrop of debt paydown in recent years, the Government has been using the regular bond buyback program on both a switch and cash basis to repurchase off-the-run bonds (i.e. securities that are no longer the current or the previous building benchmark), thereby helping to maintain gross bond issuance levels and maintain benchmark bond sizes. Unlike buybacks on a cash basis, where bonds offered are exchanged for cash, bonds repurchased on a switch basis are exchanged for the current building benchmark. (The regular bond buyback program differs from the cash management bond buyback program in that the former serves to maintain gross bond issuance, while the latter helps the Government manage its cash requirements effectively by reducing large bond maturities.)

The 2004–05 *Debt Management Strategy* outlined the Government's buyback target of approximately $11 billion, similar to 2003–04. During the year the Government issued $11.5 billion in new benchmark bonds through the repurchase of $11.5 billion in off-the-run bonds. The basket of eligible bonds for buyback in the 10-year sector was successfully expanded in 2004–05 to help maintain buyback operations in that sector.

In 2004–05 the Government repurchased $4.7 billion in bonds through the switch program (a decrease of $0.3 billion from 2003–04), and $6.8 billion through the cash buyback program (an increase of $1.6 billion from 2003–04).

Participation

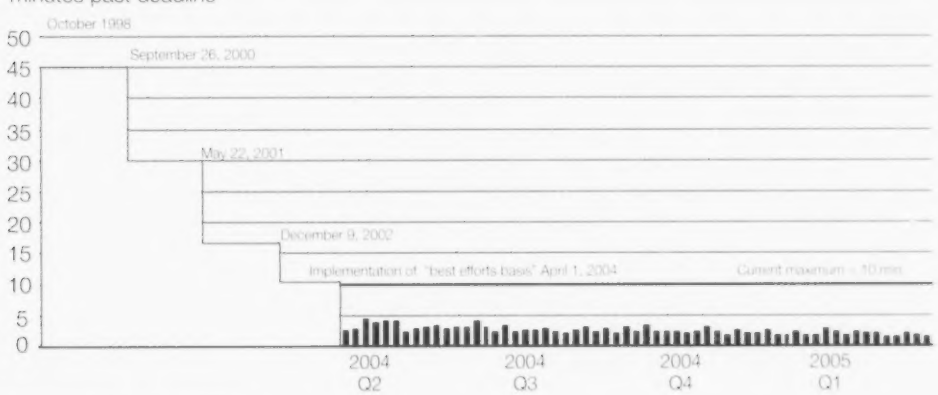
Active participation at auction and buyback operations of a diverse group of market participants also helps the Government to achieve its key objective of stable, low-cost funding. Over the past few years initiatives to enhance transparency and the bidding process have been undertaken to broaden participation. A key initiative undertaken in 2004–05 was the reduction in the time in which auction and buyback results are made public (turnaround time).

On April 1, 2004, the Government reduced the turnaround time for auctions and buyback operations from fixed times (10 and 15 minutes respectively) to a "best efforts basis" (i.e. when ready). Lower turnaround time has reduced the market risk for market participants, further enhancing the efficiency of the auction and buyback process. Market participants have indicated their satisfaction with these changes.

Charts 8 and 9 show the reduction in turnaround times in recent years, from 45 minutes at the end of 1998 to an average of less than 3 minutes for treasury bill and bond auctions and an average of less than 7 minutes for buyback operations in 2004–05.

Chart 8

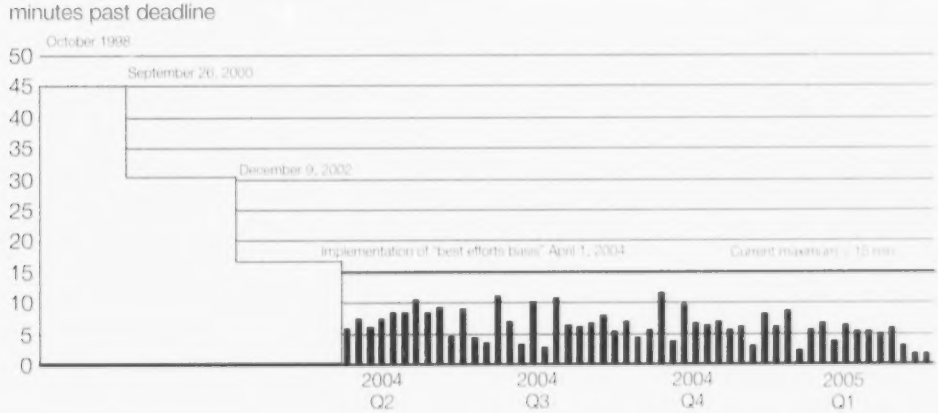
Turnaround Times for the Release of the Results of Treasury Bill and Bond Auctions, 1998–2005



Source: Bank of Canada.

Chart 9

Turnaround Times for the Release of the Results of Buyback Operations, 1998–2005



Source: Bank of Canada.

Framework Reviews

The Government regularly assesses its treasury management policies and programs as part of good governance and management of the debt program. These reviews are conducted internally at the Department of Finance and Bank of Canada or by external specialists. In 2004–05 the Government conducted an internal review of the effectiveness of its debt distribution framework. An external study of the borrowing and governance framework of Crown corporations was also undertaken (available at www.fin.gc.ca/toce/2005/mfgbe-e.html).

Evaluation of the Debt Distribution Framework

The evaluation of the debt distribution framework for Government of Canada securities was launched in the fall of 2004 and included internal analysis by the Government and consultations with interested parties. A consultation document was posted in October 2004 on the Bank of Canada's website (www.bank-banque-canada.ca/en/notices_fmd/2004/not181004_review.html).

The purpose of the review was to assess the framework's effectiveness in raising stable, low-cost funding for the Government and supporting a well-functioning market for Government of Canada securities, and whether changes to the framework were warranted.

The review was considered timely given the evolution of the government securities market since the previous review of the framework in 1998: lower borrowing requirements of the federal government; greater concentration of auction participation and secondary market trading; interest by some investors in direct participation at auctions; and innovation in financial markets through, for example, the development of alternative trading systems.

Following the conclusion of the review, changes to the debt distribution framework were released in a document published in August 2005 on the Bank of Canada's website (www.bank-banque-canada.ca/en/notices_fmd/2005/not080805.html). The review found that the framework is generally working well, with auctions consistently covered and well bid. The Government identified changes to the framework to promote continued competition and participation in Government of Canada securities auctions. The changes fall into two broad areas: adjustments in auction access for dealers and customers, and changes to minimum bidding obligations of dealers. These changes are scheduled for implementation in early December 2005, following the update of the Terms of Participation and the Standard Terms for Government of Canada auctions.

Debt Strategy Plan and Summary of Actions Taken

The following summary reports on the 2004–05 debt strategy plan initiatives, their purpose and actions taken. All of the strategic objectives for the management of the Government's debt, cash and reserves were achieved over the course of the year.

	Plan	Purpose	Actions Taken
Cost and Risk	Continue to reduce the fixed-rate share of the debt towards the 60-per-cent target.	Achieve lower debt charges, while continuing to prudently mitigate the risk to the budget framework.	The fixed-rate share was reduced from 63.8 per cent to 63.1 per cent over the 2004–05 fiscal year.
	Increase the size of the treasury bill program from $110 billion-$115 billion in 2003–04 to approximately $130 billion in 2004–05.	Facilitate market adjustment to changes in the bond and treasury bill programs.	The stock of outstanding treasury bills and cash management bills increased by $13.8 billion to about $127 billion.
	Issue roughly $36 billion of nominal bonds in 2004–05, $4 billion less than in 2003–04. Due to large bond maturities and continued cash management bond buyback operations, the bond stock was expected to decrease by some $16 billion.		$35.5 billion of bonds were issued. The stock of outstanding bonds declined by $13.3 billion to about $244 billion.
	Maintain a stable maturity profile.	Limit the need to refinance a large portion of debt in any given period and help maintain stability in debt programs over time.	Average term to maturity was maintained above 6.5 years. $12.9 billion of bonds were repurchased through the cash management bond buyback program.
	Continue to use cross-currency swaps for the majority of foreign reserves funding.	Keep the cost of carrying reserve assets low.	Sixty-four cross-currency swaps were executed in 2004–05 totalling $5.9 billion.

Debt Strategy Plan and Summary of Actions Taken *(cont'd)*

	Plan	Purpose	Actions Taken
Maintaining a Well-Functioning Market	Continue regular issues of marketable bonds in four maturity sectors, treasury bills in three maturity sectors and a long-dated index-linked bond.	Provide liquidity across investor segments, instruments and maturities, which contributes to managing both cost and risk.	Issuance schedule and maturities of past years were maintained in treasury bills, nominal bonds and Real Return Bonds.
	Maintain current benchmark target sizes for 2-, 5-, 10- and 30-year bonds.	Maintain a liquid market for on-the-run and building benchmark issues.	Benchmark bond target sizes were maintained.
	Continue regular bond buybacks at a planned level of about $11 billion, as in 2003–04.	Help maintain bond auction sizes and support issuance of large liquid benchmarks.	A total of $11.5 billion of bonds were bought back through the regular buyback program.
	Expand the basket of bonds eligible for 10-year cash and switch buybacks to include more long-dated maturities.	Promote liquidity by reaching target benchmark sizes within a one-year cycle.	Bonds with maturities up to June 2027 were included in the basket of eligible bonds for buyback operations in the 10-year sector.
Participation	Beginning April 1, 2004, reduce turnaround time for auctions and buybacks to a best efforts basis.	Enhance bidding and participation by reducing market participants' risk.	Turnaround times on a best efforts basis have averaged less than 3 minutes for auctions and less than 7 minutes for buybacks.
Framework Reviews	Review the debt distribution framework.	Assess the framework's effectiveness in raising stable, low-cost funding and supporting a well-functioning market for Government of Canada securities.	Changes to the Terms of Participation and Standard Terms for Government of Canada auctions were announced in August 2005 and are scheduled for implementation in early December 2005.

Part III: Programs and Indicators

Part III is divided into three main sections: the outcome of operations and activity with respect to the domestic debt programs; indicators of cash management performance; and measures of reserves funding and investment. It also provides information on the Government's investor base and reports on external evaluations of the debt program.

The indicators are intended to provide information on the key measures used by government debt managers. As outcomes in virtually all cases are the product of many factors, the measures do not reflect the impact of specific government debt management policies. However, they serve as useful guideposts in helping to understand the results and context of the Government's debt management initiatives.

Domestic Debt Programs

There are a number of measures of outcomes in the area of domestic debt management. They can be divided into two groups: those associated with the debt issuance process (the primary market) and those dealing with post-issuance trading (the secondary market).

Measures of a well-functioning securities market include the degree to which auctions in the primary market are well bid and the level of liquidity and trading in the secondary market. In 2004–05 the Government's treasury bill and bond auctions continued to be well bid. Primary dealers, a core group of government securities distributors that maintain a certain threshold of activity in the market for Government of Canada securities, play the dominant role at auctions except in the case of Real Return Bond auctions, where customers have won more than 40 per cent of the bonds on offer in recent years.

The secondary market for Government of Canada securities continues to experience healthy trading volumes and turnover ratios that compare favourably to those of other countries. Primary dealers also play a major role in secondary markets, with the top 10 participants accounting for about 98 per cent and 91 per cent of the turnover of treasury bills and bonds respectively. For more information on the framework through which the Government distributes its debt, see www.fin.gc.ca/dtman/2001-2002/dmr02_3e.html#Annex%201.

Primary Market

Program Activity

Nominal Bonds

Gross bond program issuance in 2004–05 was $35.5 billion (including issuance through switch buybacks), lower than the $39.4 billion in 2003–04 (see Table 2). Gross issuance consisted of $12.0 billion in 2-year bonds, $9.6 billion in 5-year bonds, $10.6 billion in 10-year bonds and $3.3 billion in 30-year bonds (see Reference Table IX for more information on bond auctions). In 2004–05, $32.5 billion of bonds matured. Taking into account buybacks and maturities, the stock of outstanding bonds declined by $13.9 billion during the year to $244.3 billion as at March 31, 2005.

Real Return Bonds (RRBs)

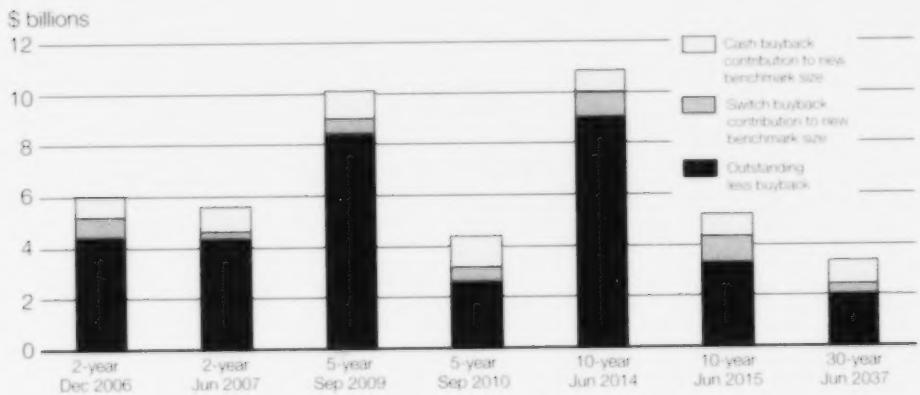
RRB issuance in 2004–05 was at a level similar to the previous year's issuance of $1.4 billion, increasing the level of outstanding RRBs from $20.6 billion (which includes the Consumer Price Index [CPI] adjustment) to $22.4 billion as at March 31, 2005. In 2004–05 the Government issued its fourth RRB, one with a December 1, 2036, maturity (see Reference Table X for more information on RRB auctions).

Regular Bond Buyback Program

The objectives of the regular bond buyback program are to enhance liquidity and maintain active new issuance in the primary market for Government of Canada securities. Regular bond buyback operations totalled $11.5 billion in 2004–05, consisting of $6.2 billion in 2- and 5-year bonds, $3.9 billion in 10-year bonds, and $1.4 billion in 30-year bonds (see Reference Table XII for more information on buyback operations).

Buybacks on a cash basis resulted in $6.8 billion of new benchmarks being issued. Switch buyback operations in 2004–05 resulted in $4.7 billion of new building benchmarks being issued. Chart 10 shows the impact of regular bond buybacks on benchmark sizes in 2004–05.

Chart 10
Impact of Regular Buyback Program on Benchmark Sizes
As of March 31, 2005



Source: Bank of Canada.

Table 2
Change in Composition of Federal Market Debt, 2004–05

	April 1, 2004 Outstanding	New Issues	Maturing	Repurchase	March 31, 2005 Outstanding	Change
			($ billions)			
Domestic debt						
Nominal bonds	258.2	35.5	32.5	24.4[1]	244.2	-13.9
Real Return Bonds	20.6[2]	1.4	0.0	–	22.4	1.8
Treasury bills[3]	113.4	271.5	257.7	–	127.2	13.8
Retail debt	21.3	2.0	4.2	–	19.1	-2.2
Total domestic debt	413.5				412.8	-0.7
Foreign currency debt[4]						
Canada bills	3.4	13.6	13.1	–	3.9	0.5
Foreign bonds[5]	12.9	0.0	2.4	–	9.6	-3.3
Canada notes	1.3	0.0	0.0	–	1.1	-0.2
Euro Medium-Term Notes	3.0	0.0	1.4	–	1.7	-1.3
Total foreign debt	20.5				16.3	-4.2
CPP bonds and notes	3.4	0.0	0.0	–	3.4	0.0
Obligations related to capital leases	2.8	0.2	0.1	–	2.9	0.1
Total market debt	440.2				435.5	-4.8

Note: Sub-categorization of Government of Canada debt is in accordance with Bank of Canada reports, which may vary slightly from Public Accounts categories due to differences in classification methods. Numbers may not add due to rounding.

[1] Includes the regular bond buyback program ($11.5 billion) and the cash management bond buyback program ($12.9 billion). Some cash management bond buybacks in 2004–05 did not reduce maturities in that year, but in 2005–06.

[2] Includes CPI adjustment.

[3] These securities are issued at 3-, 6- and 12-month maturities and are therefore rolled over a number of times during the year for refinancing. This results in a larger number of new issues per year than stock outstanding at the end of the fiscal year. These amounts include cash management bills.

[4] Liabilities are stated at par value at the March 31, 2005, exchange rate. Changes in outstanding amounts for foreign currency bonds, Canada notes and Euro Medium-Term Notes include the exchange rate appreciation/depreciation of the currency of issue versus the Canadian dollar.

[5] Includes $492.0 million in securities assumed by the Government of Canada on February 5, 2001, on the dissolution of Petro-Canada Limited.

Source: *Public Accounts of Canada*.

Treasury Bills and Cash Management Bills (CMBs)

The stock of outstanding treasury bills and CMBs increased by $13.8 billion during 2004–05 to $127.2 billion at March 31, 2005, consistent with the orderly move to a lower fixed-rate share of debt. For the entire fiscal year $271.5 billion in treasury bills and CMBs were auctioned, an increase of $9.0 billion from the previous year (see Table 3). There were $4.7 billion of CMBs outstanding at the beginning of fiscal 2004–05 and $7.5 billion outstanding at the end of the year. Throughout the year the Government issued $25.0 billion of CMBs of various short-term maturities.

Table 3
Treasury Bill and CMB Program Issuance

Issuance	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05
			($ millions)			
CMBs	19,700	9,000	7,500	23,750	28,500	24,950
3-month treasury bills	100,700	88,100	103,300	117,400	129,700	137,500
6-month treasury bills	46,600	38,600	43,100	47,800	51,900	54,500
12-month treasury bills	46,600	38,600	43,100	47,800	51,900	54,500
Total treasury bills	193,900	165,300	189,500	213,000	233,450	246,500
Total including CMBs	213,600	174,300	197,000	236,750	262,416	271,450

Sources: Bank of Canada and *Public Accounts of Canada*.

Retail Debt

The level of outstanding debt held by domestic retail investors—Canada Savings Bonds and Canada Premium Bonds—decreased from $21.3 billion to $19.1 billion in 2004–05. Gross sales and redemptions were $2.0 billion and $4.2 billion, respectively, for a net reduction of $2.2 billion in the stock of retail debt. The decline of the retail debt stock is consistent with the trend in overall government debt and an environment of increased competition from private sector retail instruments. Retail debt stock outstanding has decreased from just under $33 billion in 1993 to the current $19.1 billion.

For more information on Canada Savings Bonds and Canada Premium Bonds, see the annual report of Canada Investment and Savings, the Government's retail debt agency, available at www.csb.gc.ca/eng/about_report.asp.

Bill and Bond Auction Results Indicators

The two conventional measures of auction performance are the auction coverage and tail. These two measures, combined with the yield of the securities issued, describe the quality of an auction in terms of its competitiveness and its impact on the cost of borrowing.

The auction coverage is defined as the total size of bids received divided by the auction size. A coverage statistic of one is essential for all securities on offer to be sold and a higher statistic is generally better, as it indicates active bidding and therefore lower costs for the Government. The auction tail is the number of basis points between the highest yield accepted and the average yield. In this case, smaller is better as it indicates strong bidding and therefore lower costs.

The terms of participation in government auctions require larger dealers (primary dealers) to bid for 50 per cent of their auction limit at reasonable prices. Maximum coverage ratios from primary dealers (which represent about 85 per cent of winning bids) could reach a maximum of about 2.6 for bond auctions and 2.4 for treasury bill and CMB auctions, while minimum coverage, assuming that all primary dealers bid at their minimum bidding limit, would total about 1.4 for bond auctions and 1.2 for treasury bill and CMB auctions.

In 2004–05 coverage remained generally stable for treasury bill and bond auctions. Coverage has remained stable over the last four years. Tails were narrower in 2004–05 than the 4-year average for treasury bill and bond auctions, indicating relatively more competitive bidding at auctions (see Table 4).

Table 4
Performance at Auctions

	Coverage (Ratio)					Tail (Basis Points)				
	2001–02	2002–03	2003–04	2004–05	4-yr avg.	2001–02	2002–03	2003–04	2004–05	4-yr avg.
Treasury bills										
3-month	2.0	2.2	2.2	2.1	2.1	1.3	0.6	0.5	0.5	0.7
6-month	2.2	2.3	2.2	2.1	2.2	0.8	0.7	0.5	0.5	0.6
12-month	2.0	2.1	2.1	2.0	2.0	0.9	0.7	0.7	0.6	0.7
CMBs	1.9	2.0	2.0	2.4	2.1	1.4	1.4	1.4	1.7	1.5
Nominal bonds										
2-year	2.3	2.3	2.5	2.5	2.4	0.7	0.7	0.5	0.3	0.6
5-year	2.4	2.5	2.6	2.5	2.5	0.7	0.7	0.5	0.5	0.6
10-year	2.5	2.5	2.5	2.3	2.4	0.9	0.8	0.5	0.4	0.6
30-year	2.5	2.5	2.6	2.3	2.5	1.1	0.7	0.4	0.7	0.8
Real Return Bonds[1]	2.8	3.2	2.9	2.5	2.8	n.a.	n.a.	n.a.	n.a.	n.a.
Weighted average[2]	2.1	2.2	2.2	2.1	2.2	1.1	0.7	0.5	0.5	0.7

[1] Auction tails for RRBs are not relevant since RRBs are distributed through single-price auctions.

[2] Weighted average excludes CMBs.

Source: Bank of Canada.

Participation at Auctions

This section provides information on participation of government securities distributors (primary dealers and other government securities dealers) and customers (in practice institutional investors) in the primary market for Government of Canada securities. Primary market shares are calculated using government securities distributors' and customers' allotments at auctions during the fiscal year.

Nominal Bonds

In 2004–05 primary dealers (PDs) were allotted 96 per cent of nominal bond auctions while customers were allotted about 2 per cent. Other government securities distributors (GSDs) won approximately 2 per cent (see Table 5). The 10 most active participants bought about 93 per cent of the bonds on average. These percentages show an increase in concentration of primary dealer allotments from previous years, continuing a trend of increasing auction shares by the larger participants.

Table 5
Bond Auctions Share of Amount Allotted to Participants (Excluding Real Return Bonds)

Participant Type	2001–02	2002–03	2003–04	2004–05
			(%)	
PDs	83.7	91.8	93.4	96.0
Other GSDs	6.4	2.5	1.8	2.2
Customers	9.8	5.6	4.7	1.8
Top 10 participants	84.0	88.7	90.9	92.8

Source: Bank of Canada.

Bond Buybacks

Primary dealers are the most active participants in bond buyback operations. Customers' share of allotments at buybacks is shown as zero, but this likely underestimates the level of participation of customers, as they may participate in buyback operations through dealers without identifying themselves (see Table 6).

Table 6
Bond Buyback Operations Share of Amount Allotted to Participants (Excludes Cash Management Bond Buybacks)

Participant Type	2001–02	2002–03	2003–04	2004–05
			(%)	
PDs	86.2	96.4	97.9	96.5
Other GSDs	0.0	1.7	2.1	3.5
Customers[1]	13.8	1.9	0.0	0.0
Top 10 participants	98.4	94.5	97.4	97.9

[1] Results may underestimate customer participation. Contrary to treasury bill and bond auctions, customers do not have to inform the Bank of Canada about their participation at buyback operations.

Source: Bank of Canada.

Real Return Bonds

Unlike nominal bond auctions, RRB auctions have more active customer participation. This is largely due to the relative lack of product availability in the secondary market, as many RRB investors are buy-and-hold investors. Allotments to customers decreased from about 63 per cent in 2003–04 to about 46 per cent in 2004–05 as the primary dealers' share increased from the previous year. The 10 most active participants in RRB auctions were allotted about 67 per cent of the auction, which is in line with historical averages (see Table 7).

Table 7
RRB Auctions Share of Amount Allotted to Participants

Participant Type	2001–02	2002–03	2003–04	2004–05
			(%)	
PDs	39.0	47.9	36.1	53.1
Other GSDs	3.9	0.9	0.8	0.7
Customers	57.2	51.2	63.1	46.2
Top 10 participants	61.2	63.9	69.0	66.6

Source: Bank of Canada.

Treasury Bills

For 2004–05 primary dealers accounted for about 86 per cent of amounts allotted at treasury bill auctions while customers accounted for about 11 per cent and other GSDs accounted for about 2 per cent. The share won by primary dealers has been relatively steady in the last four years in a narrow range of 84-86 per cent. In 2004–05 the 10 most active participants accounted for about 94 per cent of amounts allotted at treasury bill auctions (see Table 8).

Table 8
Treasury Bill Auctions Share of Amount Allotted to Participants

Participant Type	2001–02	2002–03	2003–04	2004–05
			(%)	
PDs	86.0	84.1	84.2	86.4
Other GSDs	1.6	2.2	1.2	2.3
Customers	12.4	13.6	14.5	11.3
Top 10 participants	93.0	91.5	93.7	93.6

Source: Bank of Canada.

Cash Management Bills

Primary dealers are the most frequent participants at CMB auctions. In 2004–05 primary dealers were awarded about 96 per cent of the allotted amounts, and the 10 most active participants accounted for about 98 per cent. The average allotment share of customers increased to about 2 per cent from less than 1 per cent in the previous fiscal year (see Table 9).

Table 9
CMB Auctions Share of Amount Allotted to Participants

Participant Type	2001–02	2002–03	2003–04	2004–05
		(%)		
PDs	95.6	93.0	97.8	95.5
Other GSDs	2.3	2.5	1.4	2.6
Customers	2.1	4.5	0.8	1.9
Top 10 participants	97.9	95.5	99.2	98.1

Source: Bank of Canada.

Secondary Market

The two conventional measures of liquidity and efficiency in the Government of Canada securities market are trading volume and turnover ratio. These two measures are presented for bonds (Chart 11 and, for international comparison, Chart 12) and treasury bills (Chart 13).

Trading volume and turnover ratios for bond repos (Chart 14) and treasury bill repos (Chart 15) are also provided. A repo, or repurchase agreement, is a transaction in which a party sells a security and simultaneously agrees to repurchase it at a given price at a given time in the future. These transactions provide short-term collateralized loans of cash and low-risk securities to finance or support dealer inventory. As such, they represent an index of the scale of market activity.

Trading volume, which shows the amount of securities traded per period, is a conventional indicator of liquidity. Large trading volume allows participants to buy or sell in the marketplace without a substantial change in the price of the securities. Turnover ratio, which is the ratio of securities traded relative to the amount of securities outstanding, is a measure of market efficiency. High turnover implies that a large amount of securities changes hands over a given period of time, a hallmark of an efficient securities market.

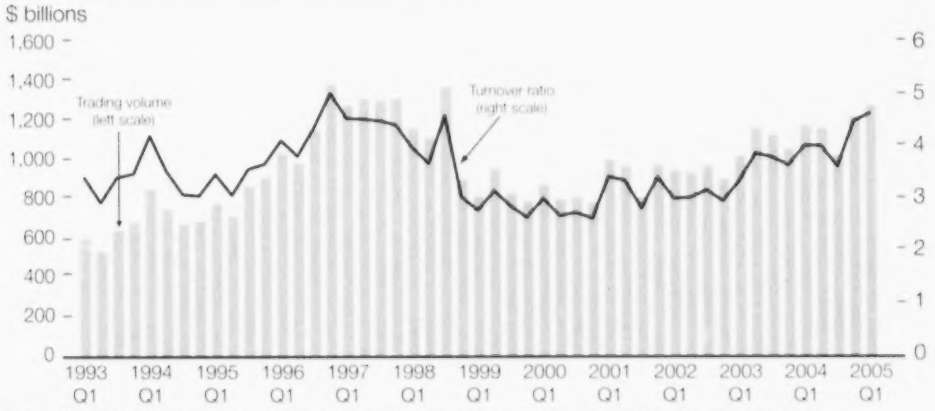
A number of factors affect trading volume and turnover ratio, such as the extent to which new information changes views in the marketplace and changes in the stock of outstanding securities. Trends in these two measures can be indicators of changes in market liquidity and efficiency.

The presence of liquid repo markets and liquid futures contracts complements an efficient Government of Canada securities market. A liquid repo market exists in the Government of Canada securities market for treasury bills and nominal bonds. There is also an active futures contract based on the benchmark 10-year Government of Canada bond. (On May 3, 2004, the Montréal Exchange launched a new futures contract on the benchmark 2-year Government of Canada bond.)

Trading Volume and Turnover Ratios

The volume of transactions in the Government of Canada bond market has grown significantly since 1990. Total marketable bond trading volume was $4,721 billion in 2004–05, a 3.5-per-cent increase from 2003–04. The average quarterly turnover ratio was 4.2 times the outstanding stock of bonds in 2004–05, compared to 3.8 in 2003–04 (see Chart 11).

Chart 11
Government of Canada Bonds
Trading Volume and Turnover Ratio

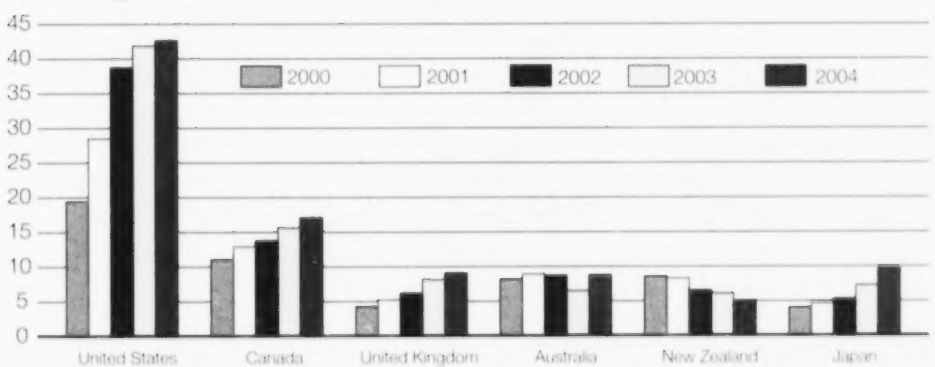


Note: Trading volume is total volume of trading by government securities distributors in each quarter. Turnover ratio is total trading volume in each quarter/stock.

Source: Bank of Canada.

At an annual stock turnover of 17 in 2004, the Government of Canada bond market compares favourably with other major sovereign bond markets, with the exception of the United States (see Chart 12).

Chart 12
Sovereign Bond Turnover Ratios



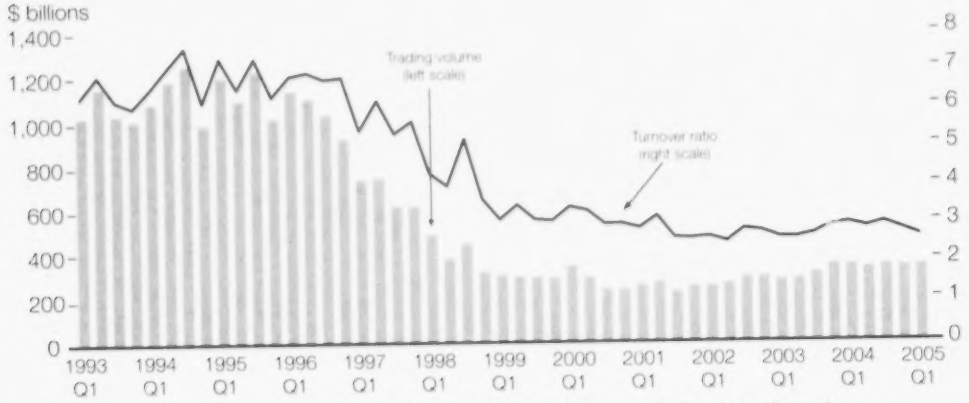
Note: Turnover ratio is total trading volume in each quarter/stock. Comparisons with the UK do not take into account higher issuance levels of inflation-linked bonds compared to other sovereigns. UK data is for fiscal year.

Sources: *Australian Financial Markets Report*, Bank of Canada, Federal Reserve Bank of New York, Japan Ministry of Finance, The Bureau of the Public Debt of the US, United Kingdom Debt Management Office, Reserve Bank of New Zealand.

The volume of transactions in the treasury bill market was comparable to the previous fiscal year and remains below the highs in the mid-1990s, when the level of the treasury bill stock was at its peak. In 2004–05 total treasury bill trading volume was $1,364 billion (see Chart 13). The average quarterly turnover ratio increased slightly to 2.89 in 2004–05 from 2.87 in 2003–04.

Chart 13

Government of Canada Treasury Bills
Trading Volume and Turnover Ratio

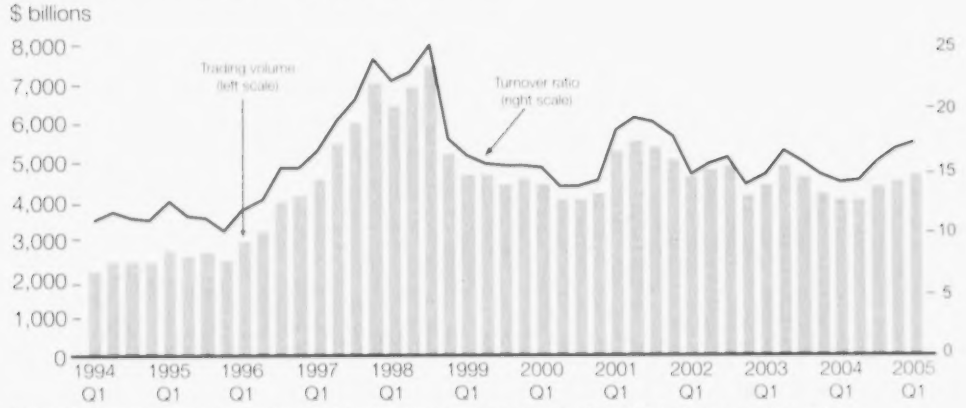


Note: Trading volume is total volume of trading by government securities distributors in each quarter. Turnover ratio is total trading volume in each quarter/stock.

Source: Bank of Canada.

Both Government of Canada bond repos and treasury bill repos remained active in 2004–05. The total trading volume for Government of Canada bond repos in 2004–05 was $17,594 billion, down from $17,745 billion in 2003–04. The average quarterly turnover ratio for bond repos in 2004–05 was 15.7 times compared to 15.0 times in 2003–04 (see Chart 14). The treasury bill repo market volume in 2004–05 was $3,582 billion compared to $2,710 billion in 2003–04 and the average quarterly turnover ratio was 7.6 compared to 6.0 in 2003–04 (see Chart 15).

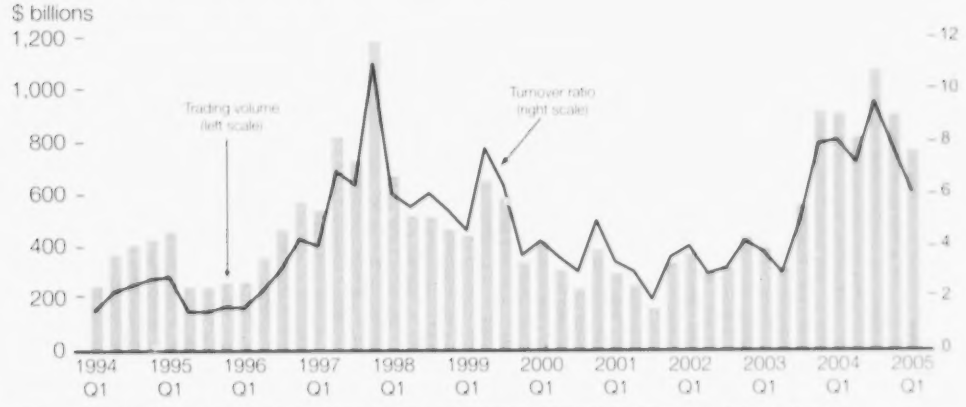
Chart 14
Government of Canada Bond Repos
Trading Volume and Turnover Ratio



Note: Trading volume is total volume of trading by government securities distributors in each quarter. Turnover ratio is total trading volume in each quarter/stock.

Source: Bank of Canada.

Chart 15
Government of Canada Treasury Bill Repos
Trading Volume and Turnover Ratio



Note: Trading volume is total volume of trading by government securities distributors in each quarter. Turnover ratio is total trading volume in each quarter/stock.

Source: Bank of Canada.

The futures contract based on the 10-year Government of Canada bond (the Canadian Government Bond contract or CGB contract) continues to be actively traded, as trading volume reached 3 million contracts in 2004, a 25-per-cent increase from 2003.

Trading by Market Participants

Bonds

Primary dealers' share of bond trading decreased slightly from 2003–04 while other government securities distributors' share increased, continuing the trend since 2001–02. The 10 most active participants in the bond secondary market represent about 94 per cent of trading activities (see Table 10).

Table 10
Bond Trading: Market Share of Participants

Participant Type	2001–02	2002–03	2003–04	2004–05
			(%)	
PDs	94.0	93.3	92.6	91.3
Other GSDs	6.0	6.7	7.4	8.7
Top 10 participants	96.0	95.9	95.1	93.9

Source: Bank of Canada.

Treasury Bills

Primary dealers maintain a dominant share of the treasury bill secondary market, representing about 98 per cent of total trading volume. The 10 most active participants in the treasury bill secondary market represent close to 100 per cent of trading activities (see Table 11).

Table 11
Treasury Bill Trading: Market Share of Participants

Participant Type	2001–02	2002–03	2003–04	2004–05
			(%)	
PDs	98.3	98.4	98.4	98.1
Other GSDs	1.7	1.6	1.6	1.9
Top 10 participants	99.4	99.5	99.2	99.5

Source: Bank of Canada.

Cash Management

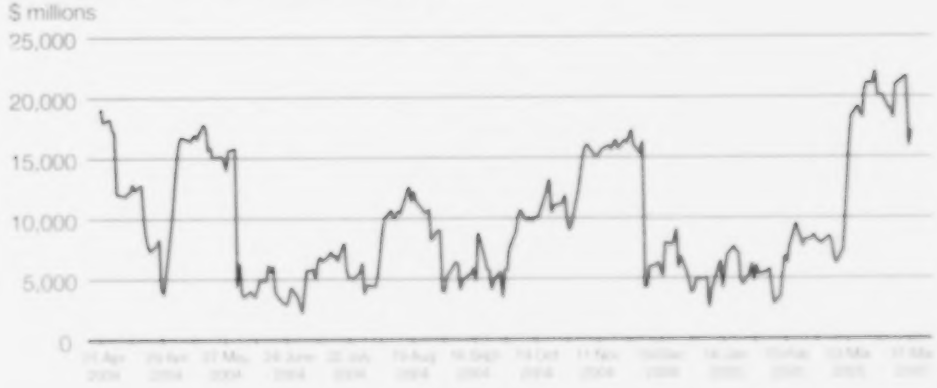
Receiver General (RG) cash balances, the Government's Canadian-dollar balances, are invested in a prudent, cost-effective manner through auctions with private sector financial institutions to minimize the cost to the Government of holding cash. Auctions take place twice per day, in the morning (AM auction) and in the afternoon (PM auction). RG cash balances fluctuate widely over the year with variations in the Government's financial operations, periodic large maturities of Government of Canada bonds, the operations of the Bank of Canada and changes in market conditions. The primary objective is to hold the lowest level of cash balances, consistent with ensuring funds are available to meet daily requirements, with an appropriate margin for security.

Treasury managers use a number of indicators with respect to cash management activities, including the average level of cash balances, coverage and tail at RG auctions, the performance of participants at RG auctions, effectiveness of the cash management bond buyback program, the cost of carry and the profile of treasury bill operations.

Total Receiver General Cash Balances

As indicated earlier, RG cash balances fluctuate widely over the year for a variety of reasons. RG balances reached a peak of $22.0 billion and a low of $2.3 billion in 2004–05 (see Chart 16).

Chart 16
Total Receiver General Balances



Source: Bank of Canada

Average Daily Cash Balances

Average daily cash balances increased in 2004–05 to $8.2 billion (see Table 12) as a result of larger bond maturities relative to the previous fiscal year. Larger maturities require that larger cash balances be held in advance of the maturities.

Table 12
Average Daily RG Cash Balances Held at Financial Institutions

	2001–02	2002–03	2003–04	2004–05
			($ millions)	
Average daily cash balances	7,921	6,139	7,854	8,193

Source: Bank of Canada

Coverage and Tails

In 2004–05 coverage at RG auctions improved from the previous fiscal year for the AM auction, and was above the rolling four-year average (see Table 13). This is a continuation of the trend from the previous year, when the new RG collateralization framework was introduced to encourage more participation in AM auctions (for details on the RG collateralization framework see www.fin.gc.ca/dtman/2003-2004/dmr04_1e.html#Annex2). Coverage for the PM auctions, while weaker than in the previous year, was in line with the rolling four-year average.

In 2004–05 AM and PM auction tails narrowed from the previous year, with the AM auction tail below the average of the last four years.

Table 13
Performance at Receiver General Auctions

	2001–02	2002–03	2003–04	2004–05	4-yr. avg.
AM auctions					
Coverage (ratio)	2.42	3.29	3.38	4.16	3.28
Tail (basis points)	2.28	0.91	1.68	1.26	1.58
PM auctions					
Coverage (ratio)	2.27	2.31	2.53	2.35	2.36
Tail (basis points)	2.58	3.04	3.09	2.96	2.92

Source: Bank of Canada.

Participation

The top 10 participants in the Large Value Transfer System (LVTS), the electronic system for the transfer of large payments, won about 74 per cent of RG auctions on average in 2004–05, while the top 10 other participants gained about 24 per cent of the amount allotted, amounts in line with the previous year (see Table 14).

Table 14
Receiver General Auctions Share of Amount Allotted Between LVTS and Other Participants

Participant Type	2001–02	2002–03	2003–04	2004–05
			(%)	
Top 10 LVTS	98.5	91.0	76.0	74.3
Top 10 others	0.0	7.1	23.8	24.3

Source: Bank of Canada.

Cash Management Bond Buyback Program

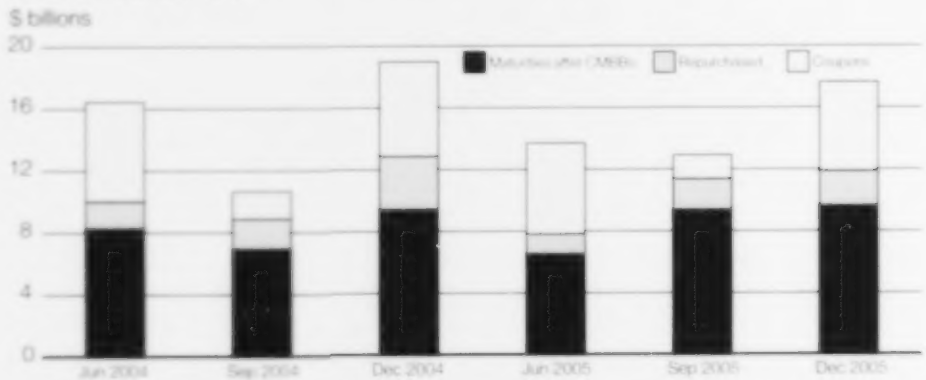
The cash management bond buyback (CMBB) program helps manage the Government's cash requirements by reducing the high levels of government cash balances needed. The program also helps to smooth variations in treasury bill auction sizes over the year.

In 2004–05 the total amount of bonds repurchased through the CMBB program was $12.9 billion, compared to $15.7 billion in 2003–04. The CMBB program reduced the size of the December 2004 maturity by 27 per cent to $9.4 billion. The program also repurchased $2.0 billion in bonds from the September 2005 bond maturity, reducing the maturing amount to $9.3 billion. Overall, large maturities were lowered by 21 per cent in 2004–05, reducing the Government's cost of holding high levels of cash balances for key coupon and maturity payment dates (see Chart 17).

Chart 17

Impact of CMBB Operations on the Government's Large Payments

As of March 31, 2005



Note: June, September and December 2005 maturities continued to be part of the CMBB program in the 2005-06 fiscal year.

Source: Bank of Canada

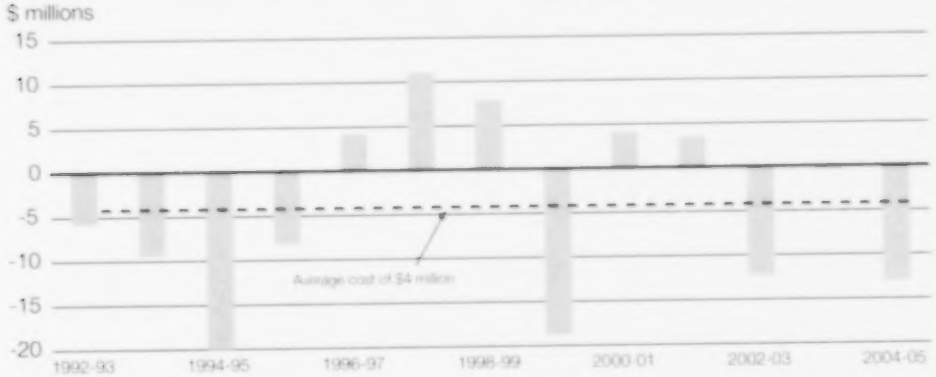
Cost of Carry

The key measure for the management of cash balances is the net return on cash balances: the difference between the return on government balances auctioned to financial institutions (typically around the overnight rate) and the average yield paid on treasury bills. A normal upward sloping yield curve results in a cost of carry, as financial institutions pay rates of interest for government deposits based on an overnight rate that is lower than the rate paid by the Government to borrow funds. Conversely, under an inverted yield curve, short-term deposit rates are higher than the average of 3- to 12-month treasury bill rates, which can result in a net gain for the Government.

In 2004–05 the cost of carry of holding RG cash balances was a net cost of $13.1 million, compared to a net cost of $0.4 million for the prior fiscal year (see Chart 18). In 2003–04, there were periods when the yield curve at the short end was inverted as market participants expected the Bank of Canada to lower interest rates, which resulted in the lower cost of carry in that year.

Chart 18

Cost (-) or Gain (+) of Carry for Cash Balances



Source: Bank of Canada

Profile of Treasury Bill Operations

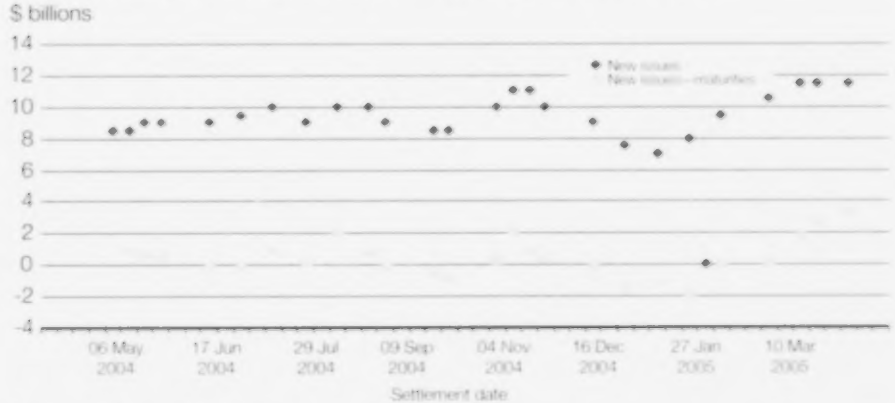
As the cost of carry is largely determined by the shape of the yield curve, an indicator of cash management activities is the profile of treasury bill operations (amount issued per auction date less amount maturing per auction date). Smooth profiles provide certainty of supply for market participants and help reduce the cost to the Government associated with large operations. The profile of treasury bill operations continued to be smooth in 2004–05, ranging from -$2 billion to +$4 billion per operation, with a standard deviation of $1.2 billion (see Table 15). The net size of new issues was also reasonably smooth with a standard deviation of $2.2 billion (see Chart 19).

Table 15
Profile of Net Size of Treasury Bill Issues

	2000–01	2001–02	2002–03	2003–04	2004–05
			($ billions)		
Range	-3 to 3	-3 to 3	-4 to 4	-2 to +6	-2 to +4
Standard deviation of new issues less maturities	1.4	1.3	1.9	2.3	1.2

Source: Bank of Canada.

Chart 19
New Issues, and Net Size of Treasury Bill Auctions



Source: Department of Finance.

Foreign Currency Debt Programs

The Government borrows in foreign currency to fund the foreign exchange reserves, which are held in the Exchange Fund Account. The Government has at its disposal a variety of instruments to meet its foreign currency funding requirements.

Canada Bills

In 2004–05 the level of outstanding Canada bills increased from $3.4 billion (US$2.8 billion) to $3.9 billion (US$3.2 billion). In 2004–05 Canada bills were issued, on average, at an all-in cost of US$LIBOR less 25 basis points.

Foreign Currency Bonds

In 2004–05 no new foreign currency bonds were issued, while a total of $2.4 billion (US$2.0 billion) matured. The total decline in the stock of outstanding foreign bonds, including exchange rate changes, was $3.3 billion. The total outstanding was $9.6 billion (US$7.9 billion) at the end of 2004–05.

Canada Notes

There were no new Canada note issues or maturities in 2004–05. The total outstanding was $1.1 billion (US$0.9 billion) at the end of 2004–05.

Euro Medium-Term Notes

In 2004–05 no new Euro Medium-Term Notes were issued, while a total of $1.4 billion (US$1.1 billion) matured. The total outstanding decreased from $3.0 billion (US$2.4 billion) to $1.7 billion (US$1.4 billion).

Cross-Currency Swaps

In 2004–05 the Government of Canada raised $5.9 billion (US$4.6 billion) to fund the foreign exchange reserves by entering into 64 cross-currency swaps. A total of $3.1 billion (US$2.5 billion) of swaps matured in 2004–05. At the end of the 2004–05 fiscal year, the outstanding amount of cross-currency swaps totalled $24.5 billion (US$19.7 billion) (see Reference Table XI for transaction details). Taking into account the effect of cross-currency swaps, foreign currency obligations were 8.9 per cent of market debt.

Funding and Investment of Reserves

As the foreign exchange reserves are managed on an integrated asset-liability basis, the key measures of portfolio performance include both assets and liabilities. The main measures in the area of the funding and investment of reserves are the cost of carry, the total return earned on the asset-liability portfolio, and the costs of the liabilities.

The reserves are invested in liquid, high-quality, fixed-income securities, which have generally provided a relatively low rate of return. In recent years policy changes have been made to broaden the eligible asset mix, within prudent limits, and to invest more in euro-denominated assets. These measures have helped to increase portfolio returns. Further means used to minimize the carry of the foreign reserves have been the use of cross-currency swaps, which are highly cost-effective compared to other sources of funds, and the lending of securities in the reserves portfolio.

Carry

Historically, the net return of the asset-liability portfolio has been measured by using the cost of carry methodology. The carry on the foreign reserves is calculated by subtracting the interest paid on Canada's foreign currency liabilities from interest earned on the reserve assets (i.e. the net interest earned or paid), plus realized gains (due to gains on US-dollar and euro asset sales). The overall carry of the reserves portfolio in 2004–05 is estimated at +27.6 basis points compared to +50.3 basis points in 2003–04. The net cost of carry declined primarily due to higher US yields in 2004–05, which in turn caused a decrease in asset prices and lowered market values of US securities sold.

Total Return

In 2004–05 a new measure of performance, total return, was calculated for both the assets and the liabilities, and for each currency, with the return on the liability portfolio being used as a benchmark for the assets (since liabilities fund the assets and assets must match liabilities in currency and duration). Total return is based on the market value of both reserve assets and liabilities, and captures the following key variables: realized gains/losses on sales of assets, unrealized gains/losses on existing portfolio assets and liabilities, and net interest income. The Government earned a net return of 11 basis points on the reserves portfolio in 2004–05.

Liability Costs

In 2004–05 the sources of reserve funding were Canada bills and cross-currency swaps. Canada bills were issued, on average, at an all-in cost of US$LIBOR less 25 basis points, generally in line with funding levels of recent years. In the case of cross-currency swaps, the Government raised reserve assets at US$LIBOR less 42 basis points on average in 2004–05, in line with recent years.

The 2004 *Report on the Management of Canada's Official International Reserves*, available at www.fin.gc.ca/toce/2005/oir05_e.html, provides further information on the performance of the reserves portfolio.

Risk Measures

In 2004–05 the Government introduced several new risk measures to enhance measurement of the reserves' exposure to market risk. The new risk management tools include Value at Risk (VaR), a measure of possible portfolio losses due to normal market movements over a given time period. As of March 31, 2005, the foreign reserves had a 99-per-cent 10-day VaR of $11 million, which implies that, 99 per cent of the time, the value of the portfolio would not be expected to decline by more than $11 million (or less than a tenth of one per cent), on a net basis, over a 10-day period.

Stress testing, which gives a sense of unexpected impacts on the reserves portfolio at times of extreme market turbulence, was also added in 2004–05. Moreover, hypothetical scenarios that mimic market conditions which occurred during four previous extraordinary events were constructed. Testing revealed that the reserves portfolio would be expected to perform well during periods of market turmoil, as investors would purchase the same high-quality assets as those held in the reserves portfolio in these circumstances.

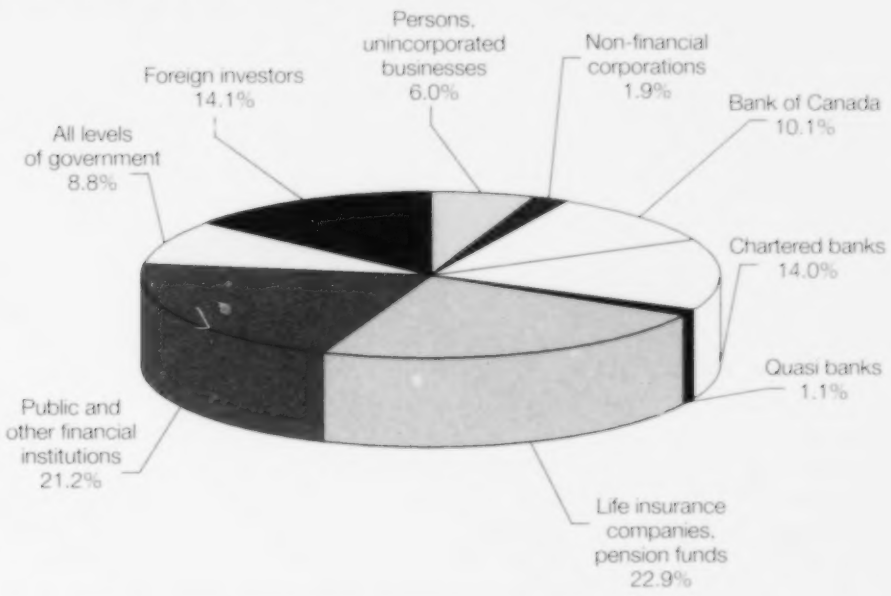
Holdings of Government of Canada Debt

A diversified investor base helps to keep funding costs low by ensuring there is active demand for Government of Canada securities. The Government pursues diversification of its investor base by maintaining a domestic wholesale debt program that is attractive to a wide range of investors, offering a retail debt program that provides savings products to suit the needs of individual Canadians, and using a broad array of funding sources in its foreign borrowings.

In 2004, based on Statistics Canada surveys, life insurance companies and pension funds accounted for the largest share of holdings of Government of Canada market debt (22.9 per cent), followed by public and other financial institutions such as investment dealers and mutual funds (21.2 per cent) and foreign investors (14.1 per cent) (see Chart 20). Taken together, these three sectors accounted for close to 60 per cent of total holdings.

Reference Table IV shows the evolution of the distribution of domestic holdings of Government of Canada debt since 1976, and illustrates that the holdings have become more diversified over that period.

Chart 20
Distribution of Holdings of Government of Canada Market Debt As of March 31, 2005


Persons, unincorporated businesses 6.0%
Non-financial corporations 1.9%
Foreign investors 14.1%
Bank of Canada 10.1%
All levels of government 8.8%
Chartered banks 14.0%
Quasi banks 1.1%
Public and other financial institutions 21.2%
Life insurance companies, pension funds 22.9%

Source: Statistics Canada, *National Balance Sheet Accounts*.

External Evaluations

The Department of Finance has an ongoing treasury evaluation process to assess debt management effectiveness. The Department uses external evaluations to assess policies and operational decisions in the area of debt management in order to inform future decision making and contribute to public transparency and good governance. Independent evaluators are contracted to carry out the evaluations.

Table 16
Treasury Evaluation Reports, 1992–2005

Area	Year
Debt Management Objectives	1992
Debt Structure—Fixed/Floating Mix	1992
Internal Review Process	1992
External Review Process	1992
Benchmarks and Performance Measures	1994
Foreign Currency Borrowing—Canada Bills Program	1994
Developing Well-Functioning Bond and Bill Markets	1994
Liability Portfolio Performance Measurement	1994
Retail Debt Program	1994
Guidelines for Dealing With Auction Difficulties	1995
Foreign Currency Borrowing—Standby Line of Credit and FRN	1995
Treasury Bill Program Design	1995
Real Return Bond Program	1998
Foreign Currency Borrowing Programs	1998
Initiatives to Support a Well-Functioning Wholesale Market	2001
Debt Structure Target/Modelling	2001
Reserves Management Framework	2002
Bond Buybacks	2003
Funds Management Governance Framework[1]	2004
Retail Debt Program[1]	2004

[1] Available at www.fin.gc.ca.

Source: Department of Finance.

Annex 1: Composition of the Federal Debt

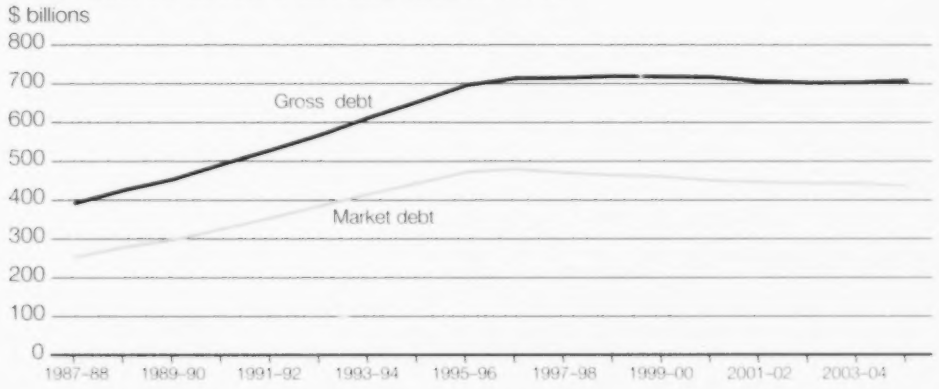
Gross Debt

Gross debt is made up of market debt and non-market debt. At the end of March 2005 gross debt totalled $705.7 billion, up $4.6 billion from the previous year and down $10.1 billion from its peak of $715.8 billion in 1999–2000.

Market Debt

Market debt is the portion of gross debt that is funded in the capital markets and managed by the Government. Market debt consists of marketable bonds, treasury bills, foreign-currency-denominated bonds and bills, retail debt, bonds held by the CPP and obligations related to capital leases. Foreign currency debt is issued on an opportunistic basis. At March 31, 2005, market debt outstanding was $435.5 billion, down $4.8 billion from the previous year (see Chart A1).

Chart A1
Evolution of Gross Debt and Market Debt



Source: *Public Accounts of Canada.*

Non-Market Debt

Non-market debt includes liabilities held by the Government outside the capital markets. This includes the Government's obligations to public sector pension plans, the CPP, as well as other liabilities, accounts payable and accrued liabilities and allowances. In 2004–05 non-market debt amounted to $270.3 billion, up $9.4 billion from the previous year.

Net Debt

Net debt is gross debt minus financial assets. Financial assets include cash, foreign exchange accounts and loans. Net debt declined by $1.6 billion from $556.3 billion in 2003–04 to $554.7 billion in 2004–05. The Government's financial assets increased by $6.2 billion to $151.0 billion.

Federal Debt

Federal debt, or the accumulated deficit, is net debt minus non-financial assets. Non-financial assets include tangible capital assets, inventories and prepaid expenses. Federal debt declined by $1.6 billion, from $501.5 billion in 2003–04 to $499.9 billion in 2004–05. The Government's non-financial assets increased by $48 million to $54.9 billion.

Annex 2: Glossary

basis point: One-hundredth of a percentage point (0.01 per cent).

benchmark bond: Specific issue outstanding within each class of maturities. It is considered by the market to be the standard against which all other bonds issued in that class are evaluated.

bid: Price a buyer is willing to pay.

bid-offer spread: The difference between bid and offer prices. It is typically measured in basis points.

budgetary surplus: Occurs when government annual revenues exceed annual budgetary expenses. A deficit is the shortfall between government annual revenues and annual budgetary expenses.

cash management: Control by the Bank of Canada of settlement balances through increases or decreases in the amount of cash balances supplied to LVTS participants in relation to the amount demanded in order to reinforce the Bank's target interest rate.

compound interest bond (C-bond): A Canada Savings Bond or Canada Premium Bond on which interest accrues and is compounded annually to maturity or until redeemed.

Exchange Fund Account: A fund maintained by the Government of Canada for the purpose of promoting order and stability of the Canadian dollar in the foreign exchange market. This function is fulfilled by purchasing foreign exchange (selling Canadian dollars) when there is upward pressure on the value of the Canadian dollar and selling foreign exchange (buying Canadian dollars) when there is downward pressure on the currency.

financial source/requirement: Measures the difference between the cash coming in to the Government and the cash going out. In the case of a financial requirement, it is the amount of new borrowing required from outside lenders to meet the Government's financing needs in any given year.

foreign exchange reserves: Stocks of foreign exchange assets (e.g. interest-earning bonds) held by sovereign states to support the value of the domestic currency. Canada's foreign exchange reserves are held in the Exchange Fund Account.

Government of Canada securities auction: A process used for selling Government of Canada debt securities (mostly marketable bonds and treasury bills) in which issues are sold by public tender to government securities distributors.

government securities distributors (GSDs): Members of a group of investment dealers and banks through which the Government distributes Government of Canada treasury bills and marketable bonds.

inflation: A persistent rise over time in the average price of goods and services.

interest-bearing debt: Consists of unmatured debt, or market debt, and the Government's liabilities to internally held accounts such as federal employees' pension plans.

Large Value Transfer System (LVTS): An electronic system for the transfer of large value or time-critical payments.

LIBOR: London Interbank Offered Rate. An interest rate charged among banks in London for short-term loans denominated in a specific currency.

marketable bond: A Canadian government debt security that is non-cashable prior to maturity, but whose ownership may be transferred from one holder to another on the open market.

marketable debt: Market debt that is issued by the Government of Canada and sold via public tender or syndication. These issues can be traded between investors while outstanding.

monetary policy: A policy that seeks to improve the performance of the economy by regulating money supply and credit.

money market: The market in which short-term capital is raised, invested and traded using financial instruments such as treasury bills, bankers' acceptances, commercial paper, and bonds maturing in one year or less.

offer: Price at which a seller is willing to sell.

overnight rate; overnight financing rate; overnight money market rate; overnight lending rate: The rate at which major participants in the money market borrow and lend one-day funds to each other.

primary dealers (PDs): Members of the core group of government securities distributors that maintain a certain threshold of activity in the market for Government of Canada securities. The primary dealer classification can be attained in either treasury bills or marketable bonds, or both.

primary market: The market in which securities are initially sold or offered.

regular interest bond (R-bond): A Canada Savings Bond or Canada Premium Bond on which interest is paid annually by cheque or by direct deposit to maturity or until redeemed.

repo; repurchase agreement: A transaction in which a party sells a security and simultaneously agrees to repurchase it at a given price after a specified time.

secondary market: The market in which previously issued securities are traded, as distinguished from the new issue or primary market.

turnover ratio: Volume of securities traded as a percentage of securities outstanding.

yield curve: The levels of interest rates from short- to long-term maturities.

Annex 3: Contact Information

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Reference Table I

Gross Public Debt, Outstanding Market Debt and Debt Charges

	Gross public debt				Outstanding market debt			
Fiscal years	Outstanding	Fixed-rate portion	Average fixed-rate portion	Total debt charges	Outstanding[3]	Fixed-rate portion	Total debt charges	Average interest rate
	($ billions)	(%)	(%)	($ billions)	($ billions)	(%)	($ billions)	(%)
1985–86	319.4	51.9		27.7	202.3	36.7	20.7	10.66
1986–87	355.0	50.9		28.7	229.7	36.9	21.5	9.34
1987–88	388.0	51.2		31.2	251.9	38.2	23.1	9.61
1988–89	421.4	49.6		35.5	277.4	37.2	26.5	10.82
1989–90	449.3	49.9		41.2	295.7	38.1	31.4	11.20
1990–91	487.7	50.4		45.0	325.0	38.5	34.3	10.72
1991–92	524.2	50.7		43.9	353.0	38.9	32.4	8.86
1992–93	563.2	50.4		41.3	383.9	39.0	29.4	7.88
1993–94	607.3	53.3		40.1	415.1	42.7	28.0	6.75
1994–95	648.7	55.1		44.2	442.8	44.4	31.4	7.97
1995–96	691.3	56.9		49.4	471.4	47.9	35.3	7.34
1996–97	709.4	61.7		47.3	478.8	53.8	33.0	6.66
1997–98	711.3	63.7		43.1	469.2	56.8	31.0	6.64
1998–99	714.9	64.5	66.6	43.3	463.0	58.5	30.8	6.70
1999–00	715.8	66.5	66.6	43.4	459.0	59.1	30.5	6.15
2000–01	715.1	67.8	67.6	43.9	449.0	60.5	30.7	6.11
2001–02	704.3	67.4	67.6	39.7	444.9	60.1	27.4	5.56
2002–03	700.1	65.8	65.8	37.3	442.4	61.2	25.2	5.32
2003–04	701.1	63.8	64.4	35.8	440.2	58.7	23.4	4.91
2004–05	705.7	63.1	63.9	34.1	435.5	57.0	21.7	4.61

[1] For interest-bearing debt as of March 31. Calculation methodology may vary slightly from year to year. The definition of interest-bearing debt changed slightly in 2002–03 to reflect the adoption of the full accrual basis of accounting.

[2] Average over the year. Comparative figures for 1985-86 to 1997-98 are not available.

[3] Includes capital lease obligations.

Sources: *Public Accounts of Canada*, *Bank of Canada Review*, Department of Finance estimates.

Reference Table II

Government of Canada Outstanding Market Debt

	Payable in Canadian dollars					Payable in foreign currencies						
Fiscal years	Treasury bills	Marketable bonds	Retail debt	CPP bonds	Total	Marketable bonds	Canada bills	Canada notes[1]	Standby drawings	Term loans	Total	Total market debt
					(C$ millions)							
1977–78	11,295	21,645	18,036	84	51,060	181	0	0	850	0	1,031	51,664
1978–79	13,535	26,988	19,443	96	60,062	3,319	0	0	2,782	1,115	7,216	66,640
1979–80	16,325	33,387	18,182	113	68,007	3,312	0	0	359	1,030	4,701	72,021
1980–81	21,770	40,976	15,966	136	78,848	3,236	0	0	355	1,046	4,637	83,138
1981–82	19,375	43,605	25,108	154	88,242	3,867	0	0	0	550	4,417	93,167
1982–83	29,125	48,473	32,753	171	110,522	4,872	0	0	0	362	5,234	116,562
1983–84	41,700	56,976	38,403	189	137,268	4,306	0	0	510	398	5,214	142,901
1984–85	52,300	69,354	42,167	205	164,026	4,972	0	0	1,909	1,172	8,053	172,719
1985–86	61,950	81,163	44,607	445	188,165	9,331	0	0	2,233	2,247	13,811	201,229
1986–87	76,950	94,520	43,854	1,796	217,120	9,120	1,045	0	0	2,047	12,212	228,611
1987–88	81,050	103,899	52,558	2,492	239,999	8,438	1,045	0	0	2,257	11,740	250,809
1988–89	102,700	115,748	47,048	3,005	268,501	6,672	1,131	0	0	934	8,737	276,301
1989–90	118,550	127,681	40,207	3,072	289,510	4,364	1,446	0	0	0	5,810	294,562
1990–91	139,150	143,601	33,782	3,492	320,025	3,555	1,008	0	0	0	4,563	323,903
1991–92	152,300	158,059	35,031	3,501	348,891	3,535	0	0	0	0	3,535	351,885
1992–93	162,050	178,436	33,884	3,505	377,875	2,926	2,552	0	0	0	5,478	382,741
1993–94	166,000	203,373	30,866	3,497	403,736	3,019	5,649	0	0	0	10,668	413,975
1994–95	164,450	225,513	30,756	3,488	424,207	7,875	9,046	0	0	0	16,921	440,998
1995–96	166,100	252,411	30,801	3,478	452,790	9,514	6,986	310	0	0	16,810	469,547
1996–97	135,400	282,059	32,911	3,468	453,838	12,460	8,436	2,121	0	0	23,017	476,852
1997–98	112,300	293,987	30,302	3,456	440,045	14,590	9,356	3,176	0	0	27,122	467,291
1998–99	96,950	294,914	28,810	4,063	424,737	19,655	10,171	6,182	0	0	36,008	460,427
1999–00	99,850	293,250	27,115	3,427	423,642	21,464	6,008	5,168	0	0	32,640	456,406
2000–01	88,700	293,879	26,457	3,404	412,440	20,509	7,228	5,695	0	0	33,432	445,724
2001–02	94,200	292,910	24,229	3,386	414,725	19,652	3,355	4,405	0	0	27,412	442,137
2002–03	104,600	286,289	22,878	3,369	417,136	14,412	2,603	4,533	0	0	21,548	438,684
2003–04	113,400	276,022	21,521	3,351	414,294	20,523	3,364	1,085	0	0	24,972	439,266
2004–05	127,200	263,376	19,242	3,400[2]	413,218	9,940	3,862	2,789	0	0	16,591	429,809

Note: Subcategorization of Government of Canada debt is in accordance with Bank of Canada reports, which may vary slightly from Public Accounts categories due to differences in classification methods. The total outstanding market debt may not equal the sum of the parts due to slight differences between the Bank of Canada's and Department of Finance's numbers.

[1] Includes Euro Medium-Term Notes.

[2] Includes non-marketable obligations issued to the Canada Pension Plan Investment Fund and non-marketable obligations issued to the trustees in respect of health care initiatives.

Source: Bank of Canada.

Reference Table III

Average Weekly Domestic Market Trading in Government of Canada Securities, April 2004 to March 2005

		Marketable bonds					
	Treasury bills	3 years and under	3 to 10 years	Over 10 years	Real Return Bonds	Total marketable bonds	Total
				($ millions)			
April 2004	23,552	37,397	41,300	10,489	282	89,468	113,020
May 2004	23,476	30,231	43,747	10,816	362	85,156	108,632
June 2004	29,407	35,918	49,223	8,851	498	94,490	123,897
July 2004	27,147	25,982	36,697	8,805	257	71,741	98,888
August 2004	25,929	29,215	35,080	6,672	223	71,190	97,119
September 2004	26,911	36,120	46,998	8,546	322	91,986	118,897
October 2004	24,606	36,867	41,330	9,440	268	87,905	112,511
November 2004	26,415	33,509	50,371	11,138	269	95,287	121,702
December 2004	26,644	39,344	50,479	9,169	382	99,374	126,018
January 2005	26,982	30,527	40,297	12,990	224	84,038	111,020
February 2005	25,261	39,103	48,842	14,571	339	102,855	128,116
March 2005	27,176	40,451	54,060	13,219	429	108,159	135,335

Source: Bank of Canada

Reference Table IV

Distribution of Domestic Holdings of Government of Canada Securities

PART A —Treasury Bills, Canada Bills, Bonds,[1] Canada Savings Bonds and Canada Premium Bonds

Year end	Persons and unincorporated businesses	Non-financial corporations	Bank of Canada	Chartered banks	Quasi-banks	Life insurance companies and pension funds	Public and other financial institutions	All levels of government	Foreign	Total
					($ millions)					
1976	17,932	395	8,242	8,666	716	1,436	2,273	730	1,652	42,042
1977	20,277	321	10,268	9,601	1,048	2,271	3,114	1,014	2,185	50,099
1978	22,723	403	12,001	9,896	1,537	3,738	4,017	1,721	4,770	60,806
1979	23,144	374	13,656	10,156	1,684	6,716	4,103	2,878	5,956	68,667
1980	24,253	555	15,858	10,002	2,771	9,274	5,561	4,248	7,630	80,152
1981	33,425	520	17,100	10,003	2,452	10,569	5,342	4,194	9,102	92,707
1982	42,320	2,267	15,428	11,233	3,288	13,151	9,177	4,654	10,737	112,255
1983	50,306	5,502	16,859	15,107	5,551	17,816	9,984	5,321	12,091	138,537
1984	60,748	6,783	17,184	15,164	4,887	24,039	11,978	7,166	16,205	164,154
1985	74,331	7,387	15,666	15,198	5,706	31,068	15,086	10,106	21,608	196,158
1986	71,073	6,259	18,374	17,779	7,277	34,887	18,414	11,293	33,060	218,416
1987	83,732	8,591	20,201	16,012	6,400	38,870	19,547	13,918	36,462	243,733
1988	86,591	8,634	20,606	21,115	7,492	42,460	19,028	17,186	51,134	274,246
1989	81,566	11,402	21,133	20,804	9,854	48,037	23,950	17,840	61,707	296,293
1990	80,079	11,797	20,325	24,224	10,460	52,984	26,051	19,574	72,586	318,080
1991	72,945	11,580	22,370	35,792	12,091	57,846	33,054	21,015	82,553	349,246
1992	70,930	13,696	22,607	44,555	12,428	62,042	39,396	20,222	88,878	374,754
1993	61,221	10,359	23,498	60,242	11,229	69,917	45,321	18,307	108,847	409,031
1994	52,842	12,039	24,902	70,063	9,992	78,545	52,847	24,967	110,080	436,277
1995	48,867	12,048	23,590	76,560	10,947	87,467	59,044	26,324	116,543	461,390
1996	46,187	10,013	25,556	74,789	10,952	90,174	71,514	24,828	118,474	472,487
1997	39,924	10,470	27,198	67,715	7,054	94,991	79,445	25,509	112,865	465,171
1998	33,537	8,525	27,911	66,375	6,659	99,687	79,895	28,174	106,763	457,526
1999	37,118	9,290	29,075	54,080	7,944	108,656	81,257	28,394	102,263	458,077
2000	33,259	9,062	31,726	58,269	2,842	108,752	73,911	30,280	91,477	439,578
2001	33,979	7,643	37,204	65,396	3,561	99,744	76,482	34,341	80,974	439,324
2002	22,860	8,417	38,859	66,057	3,307	97,463	81,521	33,436	88,237	440,157
2003	20,477	7,935	40,398	67,934	3,619	100,257	86,918	38,179	68,940	434,657
2004	21,168	8,175	41,119	57,017	3,380	96,168	88,558	36,524	61,784	413,893

Reference Table IV *(cont'd)*

Distribution of Domestic Holdings of Government of Canada Securities

PART B —Treasury Bills, Canada Bills, Bonds,[1] Canada Savings Bonds and Canada Premium Bonds

Year end	Persons and unincorporated businesses	Non-financial corporations	Bank of Canada	Chartered banks	Quasi-banks	Life insurance companies and pension funds	Public and other financial institutions	All levels of government	Foreign	Total
						(%)				
1976	42.65	0.94	19.60	20.61	1.70	3.42	5.41	1.74	3.93	100.00
1977	40.47	0.64	20.50	19.16	2.09	4.53	6.22	2.02	4.36	100.00
1978	37.37	0.66	19.74	16.27	2.53	6.15	6.61	2.83	7.84	100.00
1979	33.70	0.54	19.89	14.79	2.45	9.78	5.98	4.19	8.67	100.00
1980	30.26	0.69	19.78	12.48	3.46	11.57	6.94	5.30	9.52	100.00
1981	36.05	0.56	18.45	10.79	2.64	11.40	5.76	4.52	9.82	100.00
1982	37.70	2.02	13.74	10.01	2.93	11.72	8.18	4.15	9.56	100.00
1983	36.31	3.97	12.17	10.90	4.01	12.86	7.21	3.84	8.73	100.00
1984	37.01	4.13	10.47	9.24	2.98	14.64	7.30	4.37	9.87	100.00
1985	37.89	3.77	7.99	7.75	2.91	15.84	7.69	5.15	11.02	100.00
1986	32.54	2.87	8.41	8.14	3.33	15.97	8.43	5.17	15.14	100.00
1987	34.35	3.52	8.29	6.57	2.63	15.95	8.02	5.71	14.96	100.00
1988	31.57	3.15	7.51	7.70	2.73	15.48	6.94	6.27	18.65	100.00
1989	27.53	3.85	7.13	7.02	3.33	16.21	8.08	6.02	20.83	100.00
1990	25.18	3.71	6.39	7.62	3.29	16.66	8.19	6.15	22.82	100.00
1991	20.89	3.32	6.41	10.25	3.46	16.56	9.46	6.02	23.64	100.00
1992	18.93	3.65	6.03	11.89	3.32	16.56	10.51	5.40	23.72	100.00
1993	14.97	2.53	5.74	14.73	2.75	17.09	11.08	4.50	26.61	100.00
1994	12.11	2.76	5.71	16.06	2.29	18.00	12.11	5.72	25.23	100.00
1995	10.59	2.61	5.11	16.59	2.37	18.96	12.80	5.71	25.26	100.00
1996	9.78	2.12	5.41	15.83	2.32	19.08	15.14	5.25	25.07	100.00
1997	8.58	2.25	5.85	14.56	1.52	20.42	17.08	5.48	24.26	100.00
1998	7.33	1.86	6.10	14.51	1.46	21.79	17.46	6.16	23.33	100.00
1999	8.10	2.03	6.35	11.81	1.73	23.72	17.74	6.20	22.32	100.00
2000	7.57	2.06	7.22	13.26	0.65	24.74	16.81	6.89	20.81	100.00
2001	7.73	1.74	8.47	14.89	0.81	22.70	17.41	7.82	18.43	100.00
2002	5.19	1.91	8.83	15.01	0.75	22.14	18.52	7.60	20.05	100.00
2003	4.71	1.83	9.29	15.63	0.83	23.07	19.77	8.78	15.86	100.00
2004	5.11	1.98	9.93	13.78	0.82	23.23	21.40	8.82	14.93	100.00

Reference Table IV *(cont'd)*
Distribution of Domestic Holdings of Government of Canada Securities
PART C —Treasury Bills and Canada Bills

Year end	Persons and unincorporated businesses	Non-financial corporations	Bank of Canada	Chartered banks	Quasi-banks	Life insurance companies and pension funds	Public and other financial institutions	All levels of government	Total
				($ millions)					
1976	171	125	1,964	4,219	52	44	515	193	7,283
1977	394	136	2,461	4,949	143	98	1,020	311	9,512
1978	576	198	3,567	5,517	193	261	1,554	519	12,385
1979	785	165	4,345	6,690	65	245	1,550	843	14,688
1980	1,493	288	5,317	7,500	619	460	2,431	1,512	19,620
1981	1,019	369	5,431	8,597	343	560	2,187	1,082	19,588
1982	1,237	1,930	2,483	10,034	1,357	1,244	5,008	1,199	24,492
1983	3,766	5,146	2,595	12,879	3,180	2,587	5,376	1,286	36,815
1984	7,454	6,275	3,515	12,997	2,792	3,876	6,544	2,498	45,951
1985	13,340	6,517	3,985	12,629	3,651	3,924	8,129	4,136	56,311
1986	16,158	4,875	7,967	15,161	4,709	3,592	10,164	3,416	66,042
1987	17,733	7,232	9,682	11,498	3,725	4,806	9,589	5,002	69,267
1988	20,213	7,414	9,945	15,224	5,614	7,648	9,133	7,726	82,917
1989	29,156	9,668	11,124	17,410	8,116	9,664	12,908	9,251	107,297
1990	36,461	10,756	10,574	17,841	8,976	11,737	13,298	9,388	119,031
1991	30,423	10,437	13,093	24,382	9,089	12,386	17,636	10,417	127,863
1992	32,901	11,254	14,634	27,989	9,646	13,639	19,907	8,726	138,696
1993	27,459	9,657	16,876	29,901	9,222	17,085	22,336	7,151	139,687
1994	17,562	8,499	18,973	30,415	6,879	14,376	22,021	10,631	129,356
1995	16,296	9,204	18,298	30,865	7,760	15,315	25,183	10,603	133,524
1996	10,474	8,285	17,593	23,470	5,493	13,520	32,752	6,264	117,851
1997	5,966	6,858	14,233	19,448	3,133	8,944	32,653	3,803	95,038
1998	1,291	6,215	10,729	16,713	2,392	4,529	32,508	3,578	77,955
1999	8,539	6,662	8,584	9,814	3,234	8,128	36,932	3,497	85,390
2000	7,568	6,735	8,090	6,188	685	7,222	31,087	5,108	72,683
2001	8,744	6,990	11,427	9,969	675	10,401	37,154	6,838	92,198
2002	551	5,894	11,639	18,869	708	12,768	40,087	7,115	97,631
2003	1,803	5,366	11,733	26,150	943	14,443	41,335	7,647	108,420
2004	2,891	5,489	11,557	25,584	819	13,584	43,053	7,818	110,759

Reference Table IV *(cont'd)*
Distribution of Domestic Holdings of Government of Canada Securities
PART D—Treasury Bills and Canada Bills

Year end	Persons and unincorporated businesses	Non-financial corporations	Bank of Canada	Chartered banks	Quasi-banks	Life insurance companies and pension funds	Public and other financial institutions	All levels of government	Total
					(%)				
1976	2.35	1.72	26.97	57.93	0.71	0.60	7.07	2.65	100.00
1977	4.14	1.43	25.87	52.03	1.50	1.03	10.72	3.27	100.00
1978	4.65	1.60	28.80	44.55	1.56	2.11	12.55	4.19	100.00
1979	5.34	1.12	29.58	45.55	0.44	1.67	10.55	5.74	100.00
1980	7.61	1.47	27.10	38.23	3.15	2.34	12.39	7.71	100.00
1981	5.20	1.88	27.73	43.89	1.75	2.86	11.16	5.52	100.00
1982	5.05	7.88	10.14	40.97	5.54	5.08	20.45	4.90	100.00
1983	10.23	12.98	7.05	34.98	8.64	7.03	14.60	3.49	100.00
1984	16.22	13.66	7.65	28.28	6.08	8.44	14.24	5.44	100.00
1985	23.69	11.57	7.08	22.43	6.48	6.97	14.44	7.34	100.00
1986	24.47	7.38	12.06	22.96	7.13	5.44	15.39	5.17	100.00
1987	25.60	10.44	13.98	16.60	5.38	6.94	13.84	7.22	100.00
1988	24.38	8.94	11.99	18.36	6.77	9.22	11.01	9.32	100.00
1989	27.17	9.01	10.37	16.23	7.56	9.01	12.03	8.62	100.00
1990	30.63	9.04	8.88	14.99	7.54	9.86	11.17	7.89	100.00
1991	23.79	8.16	10.24	19.07	7.11	9.69	13.79	8.15	100.00
1992	23.72	8.11	10.55	20.18	6.95	9.83	14.35	6.29	100.00
1993	19.66	6.91	12.08	21.41	6.60	12.23	15.99	5.12	100.00
1994	13.58	6.57	14.67	23.51	5.32	11.11	17.02	8.22	100.00
1995	12.20	6.89	13.70	23.12	5.81	11.47	18.86	7.94	100.00
1996	8.89	7.03	14.93	19.91	4.66	11.47	27.79	5.32	100.00
1997	6.28	7.22	14.98	20.46	3.30	9.41	34.36	4.00	100.00
1998	1.66	7.97	13.76	21.44	3.07	5.81	41.70	4.59	100.00
1999	10.00	7.80	10.05	11.49	3.79	9.52	43.25	4.10	100.00
2000	10.41	9.27	11.13	8.51	0.94	9.94	42.77	7.03	100.00
2001	9.48	7.58	12.39	10.81	0.73	11.28	40.30	7.42	100.00
2002	0.56	6.04	11.92	19.33	0.73	13.08	41.06	7.29	100.00
2003	1.66	4.95	10.82	23.20	0.87	13.32	38.12	7.05	100.00
2004	2.61	4.96	10.43	23.10	0.74	12.26	38.87	7.06	100.00

Reference Table IV *(cont'd)*
Distribution of Domestic Holdings of Government of Canada Securities
PART E—Bonds[1]

Year end	Persons and unincorporated businesses	Non-financial corporations	Bank of Canada	Chartered banks	Quasi-banks	Life insurance companies and pension funds	Public and other financial institutions	All levels of government	Total
				($ millions)					
1976	17,761	270	6,278	4,447	664	1,392	1,758	537	33,107
1977	19,883	185	7,807	4,652	905	2,173	2,094	703	38,402
1978	22,147	205	8,434	4,379	1,344	3,477	2,463	1,202	43,651
1979	22,359	209	9,311	3,466	1,619	6,471	2,553	2,035	48,023
1980	22,760	267	10,541	2,502	2,152	8,814	3,130	2,736	52,902
1981	32,406	151	11,669	1,406	2,109	10,009	3,155	3,112	64,017
1982	41,083	337	12,945	1,199	1,931	11,907	4,169	3,455	77,026
1983	46,540	356	14,264	2,228	2,371	15,229	4,608	4,035	89,631
1984	53,294	508	13,669	2,167	2,095	20,163	5,434	4,668	101,998
1985	60,991	870	11,683	2,569	2,055	27,144	6,957	5,970	118,239
1986	54,915	1,384	10,407	2,618	2,568	31,295	8,250	7,877	119,314
1987	65,999	1,359	10,519	4,514	2,675	34,064	9,958	8,916	138,004
1988	66,378	1,220	10,661	5,891	1,878	34,812	9,895	9,460	140,195
1989	52,410	1,734	10,009	3,394	1,738	38,373	11,042	8,589	127,289
1990	43,618	1,041	9,751	6,383	1,484	41,247	12,753	10,186	126,463
1991	42,522	1,143	9,277	11,410	3,002	45,460	15,418	10,598	138,830
1992	38,029	2,442	7,973	16,566	2,782	48,403	19,489	11,496	147,180
1993	33,762	702	6,622	30,341	2,007	52,832	22,985	11,246	160,497
1994	35,280	3,540	5,929	39,648	3,113	64,169	30,826	14,336	196,841
1995	32,571	2,844	5,292	45,695	3,187	72,152	33,861	15,721	211,323
1996	35,713	1,728	7,963	51,319	5,459	76,654	38,762	18,564	236,162
1997	33,958	3,612	12,965	48,267	3,921	86,047	46,792	21,706	257,268
1998	32,246	2,310	17,182	49,662	4,267	95,158	47,387	24,596	272,808
1999	28,579	2,628	20,491	44,266	4,710	100,528	44,325	24,897	270,424
2000	25,691	2,327	23,636	52,081	2,157	101,530	42,824	25,172	275,418
2001	25,235	653	25,777	55,427	2,886	89,343	39,328	27,503	266,152
2002	22,309	2,523	27,220	47,188	2,599	84,695	41,434	26,321	254,289
2003	18,674	2,569	28,665	42,784	2,676	85,814	44,583	30,532	256,297
2004	18,277	2,686	29,526	31,433	2,561	82,620	45,505	28,706	241,314

Reference Table IV *(cont'd)*

Distribution of Domestic Holdings of Government of Canada Securities

PART F—Bonds[1]

Year end	Persons and unincorporated businesses	Non-financial corporations	Bank of Canada	Chartered banks	Quasi-banks[2]	Life insurance companies and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total
					(%)				
1976	53.65	0.82	18.96	13.43	2.01	4.20	5.31	1.62	100.00
1977	51.78	0.48	20.33	12.11	2.36	5.66	5.45	1.83	100.00
1978	50.74	0.47	19.32	10.03	3.08	7.97	5.64	2.75	100.00
1979	46.56	0.44	19.39	7.22	3.37	13.47	5.32	4.24	100.00
1980	43.02	0.50	19.93	4.73	4.07	16.66	5.92	5.17	100.00
1981	50.62	0.24	18.23	2.20	3.29	15.63	4.93	4.86	100.00
1982	53.34	0.44	16.81	1.56	2.51	15.46	5.41	4.49	100.00
1983	51.92	0.40	15.91	2.49	2.65	16.99	5.14	4.50	100.00
1984	52.25	0.50	13.40	2.12	2.05	19.77	5.33	4.58	100.00
1985	51.58	0.74	9.88	2.17	1.74	22.96	5.88	5.05	100.00
1986	46.03	1.16	8.72	2.19	2.15	26.23	6.91	6.60	100.00
1987	47.82	0.98	7.62	3.27	1.94	24.68	7.22	6.46	100.00
1988	47.35	0.87	7.60	4.20	1.34	24.83	7.06	6.75	100.00
1989	41.17	1.36	7.86	2.67	1.37	30.15	8.67	6.75	100.00
1990	34.49	0.82	7.71	5.05	1.17	32.62	10.08	8.05	100.00
1991	30.63	0.82	6.68	8.22	2.16	32.75	11.11	7.63	100.00
1992	25.84	1.66	5.42	11.26	1.89	32.89	13.24	7.81	100.00
1993	21.04	0.44	4.13	18.90	1.25	32.92	14.32	7.01	100.00
1994	17.92	1.80	3.01	20.14	1.58	32.60	15.66	7.28	100.00
1995	15.41	1.35	2.50	21.62	1.51	34.14	16.02	7.44	100.00
1996	15.12	0.73	3.37	21.73	2.31	32.46	16.41	7.86	100.00
1997	13.20	1.40	5.04	18.76	1.52	33.45	18.19	8.44	100.00
1998	11.82	0.85	6.30	18.20	1.56	34.88	17.37	9.02	100.00
1999	10.57	0.97	7.58	16.37	1.74	37.17	16.39	9.21	100.00
2000	9.33	0.84	8.58	18.91	0.78	36.86	15.55	9.14	100.00
2001	9.48	0.25	9.69	20.83	1.08	33.57	14.78	10.33	100.00
2002	8.77	0.99	10.70	18.56	1.02	33.31	16.29	10.35	100.00
2003	7.29	1.00	11.18	16.69	1.04	33.48	17.40	11.91	100.00
2004	7.57	1.11	12.24	13.03	1.06	34.24	18.86	11.90	100.00

Note: Because of timing and valuation differences, the National Balance Sheet Accounts data contained in this table are not necessarily on the same basis as other data elsewhere in this publication (most of the data in this report is on a par-value basis—that is, outstanding securities are valued at par). For this reason, although the two sets of data yield very similar information, the data in this table is not strictly comparable with other data in this publication.

[1] Includes bonds denominated in foreign currencies.

[2] Includes Quebec savings banks, credit unions and caisses populaires, trust companies and mortgage loan companies.

[3] Includes investment dealers, mutual funds, property and casualty insurance companies, sales, finance and consumer loan companies, accident and sickness branches of life insurance companies, other private financial institutions (not elsewhere included), federal public financial institutions, and provincial financial institutions.

[4] Includes Government of Canada holdings of its own debt, provincial, municipal and hospital holdings, and holdings of the Canada Pension Plan and the Quebec Pension Plan.

[5] May not add due to rounding.

Source: Statistics Canada, the National Balance Sheet Accounts.

Reference Table V
Non-Resident (Direct) Holdings of Government of Canada Debt

As at March 31	Marketable bonds[1]	Treasury bills and Canada bills	Total	Total as per cent of total market debt[2]
		(C$ billions)		(%)
1979	5.0	0.9	5.9	
1980	5.6	0.7	6.3	
1981	6.8	1.1	7.9	
1982	8.8	1.1	9.9	
1983	10.0	1.6	11.6	
1984	10.3	2.6	12.9	
1985	14.5	4.6	19.1	
1986	22.1	3.0	25.1	
1987	30.3	4.7	35.0	15.2
1988	33.0	9.3	42.3	16.8
1989	41.3	15.7	57.0	20.5
1990	49.9	13.3	63.2	21.4
1991	57.6	16.1	73.7	22.7
1992	63.6	23.0	86.6	24.5
1993	80.1	28.3	108.4	28.2
1994	79.3	34.0	113.3	27.3
1995	73.7	39.2	112.9	25.5
1996	84.1	37.7	121.8	25.8
1997	91.8	27.7	119.4	24.9
1998	94.3	20.0	114.3	24.4
1999	86.6	19.4	106.0	22.9
2000	85.7	14.2	99.9	21.8
2001	83.5	10.5	94.0	20.9
2002	74.0	7.4	81.4	18.3
2003	80.7	8.5	89.2	20.2
2004	57.0	9.2	66.2	15.0
2005	53.3	8.2	61.6	14.1

Note: Numbers may not add due to rounding.

[1] Includes bonds denominated in foreign currencies.

[2] Includes capital lease obligations. For the 1979–1986 period, market debt data (includes capital leases) is unavailable.

Source: Statistics Canada, *Canada's International Transactions in Securities.*

Reference Table VI

Fiscal 2004–05 Treasury Bill Program

Settlement date	Maturing					New issues					Net increment			Average tender yields			
	CMB[1]	3 mo	6 mo	12 mo	Total	CMB[1]	3 mo	6 mo	12 mo	Total	Total	Cumulative	O/S[2]	CMB[1]	3 mo	6 mo	12 mo
	($ millions)													(%)			
April 1, 2004	2,200				2,200					0	-2,200	-2,200	111,200				
April 8, 2004	2,500	4,400	4,100		11,000		4,700	1,900	1,900	8,500	-2,500	-4,700	108,700		2.01	2.04	2.15
April 22, 2004		3,800		3,800	7,600		4,700	1,900	1,900	8,500	900	-3,800	109,600		1.94	2.01	2.23
May 6, 2004		3,800	4,500		8,300		5,000	2,000	2,000	9,000	700	-3,100	110,300		1.93	1.98	2.15
May 20, 2004		4,400		4,000	8,400		5,000	2,000	2,000	9,000	600	-2,500	110,900		2.02	2.14	2.47
May 27, 2004					0	2,500				2,500	2,500	0	113,400	2.00			
June 1, 2004					0	1,000				1,000	1,000	1,000	114,400	2.01			
June 3, 2004	2,500	5,000	4,100		11,600		5,000	2,000	2,000	9,000	-2,600	-1,600	111,800		2.02	2.15	2.55
June 4, 2004	1,000				1,000					0	-1,000	-2,600	110,800				
June 17, 2004		5,600		4,000	9,600		5,300	2,100	2,100	9,500	-100	-2,700	110,700		2.05	2.27	2.78
June 28, 2004					0	2,500				2,500	2,500	-200	113,200	1.99			
June 30, 2004		5,600	3,400		9,000		5,600	2,200	2,200	10,000	1,000	800	114,200		2.04	2.20	2.70
July 6, 2004	2,500				2,500					0	-2,500	-1,700	111,700				
July 15, 2004		4,700		4,200	8,900		5,000	2,000	2,000	9,000	100	-1,600	111,800		2.04	2.23	2.65
July 28, 2004					0	1,500				1,500	1,500	-100	113,300	1.99			
July 29, 2004		4,700	3,400		8,100		5,600	2,200	2,200	10,000	1,900	1,800	115,200		2.08	2.28	2.73
August 3, 2004	1,500				1,500					0	-1,500	300	113,700				
August 12, 2004		5,000		4,200	9,200		5,600	2,200	2,200	10,000	800	1,100	114,500		2.03	2.17	2.49
August 26, 2004		5,000	4,200		9,200		5,000	2,000	2,000	9,000	-200	900	114,300		2.14	2.36	2.71
August 27, 2004					0	1,000				1,000	1,000	1,900	115,300	1.98			
Sept. 2, 2004	1,000				1,000					0	-1,000	900	114,300				
Sept. 9, 2004		5,000		4,100	9,100		4,700	1,900	1,900	8,500	-600	300	113,700		2.33	2.56	2.93
Sept. 23, 2004		5,300	4,100		9,400		4,700	1,900	1,900	8,500	-900	-600	112,800		2.41	2.57	2.87
Sept. 28, 2004					0	1,000				1,000	1,000	400	113,800	2.20			
October 1, 2004	1,000				1,000					0	-1,000	-600	112,800				
October 7, 2004		5,600		4,100	9,700		5,600	2,200	2,200	10,000	300	-300	113,100		2.50	2.66	2.96
October 21, 2004		5,000	3,900		8,900		6,200	2,400	2,400	11,000	2,100	1,800	115,200		2.58	2.68	2.89

Reference Table VI *(cont'd)*
Fiscal 2004–05 Treasury Bill Program

Settlement date	Maturing					New issues					Net increment			Average tender yields			
	CMB[1]	3 mo	6 mo	12 mo	Total	CMB[1]	3 mo	6 mo	12 mo	Total	Total	Cumulative	O/S[2]	CMB[1]	3 mo	6 mo	12 mo
	($ millions)													(%)			
Nov. 4, 2004		5,600		4,500	10,100		6,200	2,400	2,400	11,000	900	2,700	116,100		2.61	2.78	2.99
Nov. 18, 2004		5,600	4,000		9,600	1,750	5,600	2,200	2,200	11,750	2,150	4,850	118,250	2.53	2.70	2.83	3.05
Nov. 26, 2004					0	1,000				1,000	1,000	5,850	119,250	2.37			
Nov. 30, 2004					0	1,000				1,000	1,000	6,850	120,250	2.44			
Dec. 2, 2004	1,000	5,000		4,100	10,100		5,000	2,000	2,000	9,000	-1,100	5,750	119,150		2.56	2.62	2.74
Dec. 6, 2004	1,000				1,000					0	-1,000	4,750	118,150				
Dec. 16, 2004		4,700	4,300		9,000		4,100	1,700	1,700	7,500	-1,500	3,250	116,650		2.43	2.53	2.65
Dec. 22, 2004					0	1,500				1,500	1,500	4,750	118,150	2.39			
Dec. 30, 2004		4,700		3,400	8,100		3,800	1,600	1,600	7,000	-1,100	3,650	117,050		2.48	2.58	2.75
January 5, 2005	3,250				3,250					0	-3,250	400	113,800				
January 13, 2005		5,600	4,200		9,800		4,400	1,800	1,800	8,000	-1,800	-1,400	112,000		2.50	2.60	2.83
January 20, 2005					0	1,500				1,500	1,500	100	113,500	2.41			
January 27, 2005		6,200		3,400	9,600	1,200	5,300	2,100	2,100	10,700	1,100	1,200	114,600	2.44	2.44	2.52	2.66
February 1, 2005	1,200				1,200					0	-1,200	0	113,400				
February 3, 2005	1,500				1,500					0	-1,500	-1,500	111,900				
February 10, 2005		6,200	4,200		10,400		5,900	2,300	2,300	10,500	100	-1,400	112,000		2.46	2.54	2.75
February 18, 2005					0	2,000				2,000	2,000	600	114,000	2.38			
February 24, 2005		5,600		4,200	9,800		6,500	2,500	2,500	11,500	1,700	2,300	115,700		2.46	2.56	2.77
March 10, 2005		5,000	3,800		8,800		6,500	2,500	2,500	11,500	2,700	5,000	118,400		2.46	2.55	2.77
March 18, 2005					0	2,000				2,000	2,000	7,000	120,400	2.43			
March 24, 2005		4,100		4,100	8,200		6,500	2,500	2,500	11,500	3,300	10,300	123,700		2.55	2.70	3.04
March 29, 2005					0	2,500				2,500	2,500	12,800	126,200	2.55			
March 31, 2005					0	1,000				1,000	1,000	13,800	127,200	2.47			
Total	**22,150**	**131,200**	**52,200**	**52,100**	**257,650**	**24,950**	**137,500**	**54,500**	**54,500**	**271,450**	**13,800**						

[1] Cash management bill.
[2] Outstanding.
Source: Bank of Canada.

Reference Table VII

Fiscal 2004–05 Treasury Bill Auction Results

Auction date	Term	Issue amount	Average price	Average yield	Bid coverage	Tail
	(months)	($ millions)	($)	(%)		(basis points)
April 6, 2004	12	1,900	97.976	2.154	2.219	0.2
April 6, 2004	3	4,700	99.463	2.011	2.267	0.5
April 6, 2004	6	1,900	99.069	2.042	2.452	0.2
April 20, 2004	12	1,900	97.824	2.230	1.617	1.2
April 20, 2004	3	4,700	99.481	1.944	1.952	0.8
April 20, 2004	6	1,900	99.010	2.005	1.897	0.9
May 4, 2004	12	2,000	97.984	2.146	1.964	0.9
May 4, 2004	3	5,000	99.484	1.933	1.858	0.7
May 4, 2004	6	2,000	99.096	1.983	2.110	0.5
May 18, 2004	12	2,000	97.596	2.470	2.111	0.4
May 18, 2004	3	5,000	99.461	2.018	2.071	0.2
May 18, 2004	6	2,000	98.944	2.141	2.268	0.5
May 26, 2004	CMB[1]	2,500	99.962	2.003	2.316	0.7
May 31, 2004	NF[2]	1,000	99.983	2.008	1.603	4.2
June 1, 2004	12	2,000	97.611	2.552	1.897	0.8
June 1, 2004	3	5,000	99.461	2.017	2.117	0.4
June 1, 2004	6	2,000	99.021	2.148	2.138	0.6
June 15, 2004	12	2,100	97.304	2.778	2.077	0.5
June 15, 2004	3	5,300	99.453	2.047	1.991	0.3
June 15, 2004	6	2,100	98.880	2.272	2.149	0.3
June 28, 2004	NF	2,500	99.956	1.995	2.107	1.0
June 29, 2004	12	2,200	97.468	2.701	1.923	0.9
June 29, 2004	3	5,600	99.449	2.042	1.993	0.5
June 29, 2004	6	2,200	98.992	2.200	1.938	0.6
July 13, 2004	12	2,000	97.424	2.651	1.762	0.3
July 13, 2004	3	5,000	99.456	2.039	2.139	0.3
July 13, 2004	6	2,000	98.901	2.228	2.174	0.6
July 27, 2004	12	2,200	97.453	2.726	1.922	0.7
July 27, 2004	3	5,600	99.444	2.084	2.119	0.5
July 27, 2004	6	2,200	98.962	2.278	2.095	0.2
July 28, 2004	NF	1,500	99.967	1.992	2.375	0.8
August 10, 2004	12	2,200	97.579	2.488	1.908	0.6
August 10, 2004	3	5,600	99.457	2.035	2.093	0.3
August 10, 2004	6	2,200	98.928	2.173	2.205	0.6
August 24, 2004	12	2,000	97.471	2.706	2.046	0.8
August 24, 2004	3	5,000	99.429	2.140	2.318	1.3
August 24, 2004	6	2,000	98.926	2.359	2.134	1.0
August 26, 2004	NF	1,000	99.967	1.981	2.128	0.9
Sept. 7, 2004	12	1,900	97.157	2.934	2.237	0.9
Sept. 7, 2004	3	4,700	99.378	2.331	2.479	0.4
Sept. 7, 2004	6	1,900	98.738	2.564	2.314	1.3
Sept. 21, 2004	12	1,900	97.325	2.866	2.211	0.3
Sept. 21, 2004	3	4,700	99.357	2.412	2.142	0.5
Sept. 21, 2004	6	1,900	98.832	2.568	2.066	0.5
Sept. 27, 2004	NF	1,000	99.982	2.195	3.675	0.0
October 5, 2004	12	2,200	97.137	2.955	2.128	0.5
October 5, 2004	3	5,600	99.333	2.502	1.927	0.2
October 5, 2004	6	2,200	98.690	2.662	2.038	0.8
October 19, 2004	12	2,400	97.304	2.889	1.941	0.6
October 19, 2004	3	6,200	99.311	2.583	2.361	0.5
October 19, 2004	6	2,400	98.779	2.685	2.080	0.4
Nov. 2, 2004	12	2,400	97.101	2.994	2.181	0.4
Nov. 2, 2004	3	6,200	99.303	2.613	2.101	0.7
Nov. 2, 2004	6	2,400	98.632	2.782	1.935	0.3
Nov. 16, 2004	12	2,200	97.158	3.051	1.884	0.6
Nov. 16, 2004	3	5,600	99.282	2.695	2.236	0.2
Nov. 16, 2004	6	2,200	98.713	2.833	2.171	0.6
Nov. 17, 2004	NF	1,750	99.668	2.532	3.064	1.8
Nov. 25, 2004	CMB	1,000	99.961	2.371	1.859	2.9
Nov. 29, 2004	NF	1,000	99.960	2.442	3.084	2.8
Nov. 30, 2004	12	2,000	97.341	2.739	1.668	1.1
Nov. 30, 2004	3	5,000	99.318	2.556	2.233	0.7
Nov. 30, 2004	6	2,000	98.713	2.615	1.890	0.6
Dec. 14, 2004	12	1,700	97.523	2.649	1.957	0.7
Dec. 14, 2004	3	4,100	99.351	2.434	2.474	0.6
Dec. 14, 2004	6	1,700	98.848	2.533	2.472	0.4
Dec. 22, 2004	NF	1,500	99.908	2.389	2.601	1.1
Dec. 29, 2004	12	1,600	97.332	2.749	2.089	0.5
Dec. 29, 2004	3	3,800	99.339	2.477	2.310	0.4
Dec. 29, 2004	6	1,600	98.729	2.582	2.062	0.6
January 11, 2005	12	1,800	97.359	2.829	2.151	0.6
January 11, 2005	3	4,400	99.334	2.496	2.323	0.4
January 11, 2005	6	1,800	98.817	2.602	2.265	0.2
January 20, 2005	NF	1,500	99.908	2.407	2.954	1.3
January 25, 2005	12	2,100	97.415	2.661	1.688	0.6
January 25, 2005	3	5,300	99.350	2.437	2.319	0.3
January 25, 2005	6	2,100	98.758	2.523	2.211	0.2
January 26, 2005	NF	1,200	99.967	2.442	3.755	0.8
February 8, 2005	12	2,300	97.434	2.746	1.633	0.4
February 8, 2005	3	5,900	99.345	2.456	1.865	0.4
February 8, 2005	6	2,300	98.844	2.541	2.074	0.5
February 17, 2005	CMB	2,000	99.687	2.384	1.733	0.6
February 22, 2005	12	2,500	97.316	2.766	2.040	0.4
February 22, 2005	3	6,500	99.343	2.464	2.139	0.1
February 22, 2005	6	2,500	98.741	2.558	2.058	0.7
March 8, 2005	12	2,500	97.409	2.774	2.129	0.5
March 8, 2005	3	6,500	99.343	2.463	2.264	0.2
March 8, 2005	6	2,500	98.838	2.555	2.036	0.3
March 17, 2005	NF	2,000	99.907	2.432	2.403	1.8
March 22, 2005	12	2,500	97.062	3.035	1.754	1.1
March 22, 2005	3	6,500	99.321	2.546	1.786	0.9
March 22, 2005	6	2,500	98.670	2.704	1.914	0.6
March 28, 2005	NF	2,500	99.979	2.553	1.953	4.7
March 31, 2005	CMB	1,000	99.953	2.475	2.234	1.4
	Total	**271,450**				

Note: Coverage is defined as the ratio of total bids at auction to the amount auctioned. Tail is defined as the high accepted yield minus the average yield.

[1] Cash management bill.

[2] Non-fungible cash management bill.

Source: Bank of Canada.

Reference Table VIII

Fiscal 2004–05 Canadian-Dollar Marketable Bond Program

Offering date	Delivery date	Maturity date	Maturing	Gross	Bond repurchase	Net
				($ millions)		
Fixed-coupon bonds						
2004	**2004**					
April 7, 2004	April 13, 2004	September 1, 2009		300	312	-12
April 22, 2004	April 26, 2004	June 1, 2006		400	255	145
April 28, 2004	May 3, 2004	June 1, 2014		2,200	500	1,700
May 12, 2004	May 17, 2004	September 1, 2009		2,200	506	1,694
May 26, 2004	May 28, 2004	December 1, 2006		2,800	600	2,200
	June 1, 2004	*	8,238			-8,238
June 17, 2004	June 22, 2004	June 1, 2014		499	510	-11
July 14, 2004	July 19, 2004	June 1, 2037		1,500	500	1,000
July 21, 2004	July 26, 2004	September 1, 2009		300	302	-2
August 5, 2004	August 9, 2004	December 1, 2006		400	328	72
August 11, 2004	August 16, 2004	June 1, 2014		2,200	380	1,820
August 25, 2004	August 30, 2004	September 1, 2009		2,100	568	1,532
	September 1, 2004	*	6,878			-6,878
September 9, 2004	September 14, 2004	June 1, 2037		149	152	-3
September 15, 2004	September 17, 2004	December 1, 2006		2,800	206	2,594
September 23, 2004	September 28, 2004	June 1, 2014		500	665	-165
	October 1, 2004	*	274			-274
October 6, 2004	October 12, 2004	September 1, 2009		300	277	23
October 13, 2004	October 18, 2004	June 1, 2015		2,100	400	1,700
November 3, 2004	November 8, 2004	June 1, 2037		300	311	-11
November 17, 2004	November 22, 2004	September 1, 2010		2,100	600	1,500
	December 1, 2004	*	9,372			-9,372
December 8, 2004	December 10, 2004	June 1, 2007		2,800	502	2,298
December 15, 2004	December 20, 2004	June 1, 2015		500	414	86
2005	**2005**					
January 12, 2005	January 17, 2005	June 1, 2037		1,400	404	996
January 19, 2005	January 24, 2005	September 1, 2010		259	334	-75
February 2, 2005	February 7, 2005	June 1, 2015		2,100	500	1,600
February 9, 2005	February 11, 2005	June 1, 2007		300	319	-19
February 16, 2005	February 21, 2005	September 1, 2010		2,000	600	1,400
	March 1, 2005	*	496			-496
March 9, 2005	March 14, 2005	June 1, 2015		500	500	0
March 16, 2005	March 18, 2005	June 1, 2007		2,500	491	2,009

Reference Table VIII *(cont'd)*
Fiscal 2004–05 Canadian-Dollar Marketable Bond Program

Offering date	Delivery date	Maturity date	Maturing	Gross	Bond repurchase	Net
				($ millions)		
Real Return Bonds						
June 2, 2004	June 7, 2004	December 1, 2036		400		400
September 1, 2004	September 7, 2004	December 1, 2036		300		300
December 1, 2004	December 6, 2004	December 1, 2036		400		400
March 2, 2005	March 7, 2005	December 1, 2036		300		300
Total fiscal year 2004–05			**25,257**	**36,908**	**11,436**	**214**

* Maturing date.

Source: Bank of Canada.

Reference Table IX

Fiscal 2004–05 Marketable Bond Auction Results

Auction date	Term	Maturity date	Coupon rate	Issue amount	Average price	Average yield	Auction coverage	Tail
	(years)	(%)	($ millions)	($)	(%)	(basis points)		
April 28, 2004	10	June 1, 2014	5.00	2,200	101.916	4.758	2.49	0.5
May 12, 2004	5	September 1, 2009	4.25	2,200	100.121	4.223	2.56	0.7
May 26, 2004	2	December 1, 2006	3.25	2,800	99.673	3.387	2.45	0.3
June 2, 2004	30	December 1, 2036	3.00[1]	400	115.082	2.335	2.66	
July 14, 2004	30	June 1, 2037	5.00	1,500	96.187	5.245	2.32	0.6
August 11, 2004	10	June 1, 2014	5.00	2,200	102.436	4.686	2.20	0.3
August 25, 2004	5	September 1, 2009	4.25	2,100	100.740	4.085	2.52	0.3
September 1, 2004	30	December 1, 2036	3.00[1]	300	115.125	2.330	2.20	
September 15, 2004	2	December 1, 2006	3.25	2,800	99.866	3.312	2.52	0.3
October 13, 2004	10	June 1, 2015	4.50	2,100	98.627	4.666	2.37	0.3
November 17, 2004	5	September 1, 2010	4.00	2,100	99.729	4.054	2.41	0.5
December 1, 2004	30	December 1, 2036	3.00[1]	400	117.038	2.250	2.28	
December 8, 2004	2	June 1, 2007	3.00	2,800	99.944	3.024	2.43	0.4
January 12, 2005	30	June 1, 2037	5.00	1,400	102.896	4.822	2.32	0.7
February 2, 2005	10	June 1, 2015	4.50	2,100	101.405	4.329	2.31	0.3
February 16, 2005	5	September 1, 2010	4.00	2,000	101.147	3.768	2.47	0.5
March 2, 2005	30	December 1, 2036	3.00[1]	300	118.278	2.197	3.03	
March 16, 2005	2	June 1, 2007	3.00	2,500	99.480	3.245	2.44	0.3
Total				**32,200**				

Note: Coverage is defined as the ratio of total bids at auction to the amount auctioned. Tail is defined as the high accepted yield minus the average yield.

[1] Real Return Bonds.

Source: Bank of Canada.

Reference Table X

Outstanding Government of Canada Canadian-Dollar Marketable Bonds as at March 31, 2005

Maturity date	Amount	Coupon rate	Maturity date	Amount	Coupon rate
	($ millions)	(%)		($ millions)	(%)
Fixed-coupon bonds					
June 1, 2005	6,480	3.50	October 1, 2009	257	10.75
September 1, 2005	8,347	6.00	March 1, 2010	83	9.75
September 1, 2005	984	12.25	June 1, 2010	8,615	5.50
December 1, 2005	3,541	3.00	June 1, 2010	2,228	9.50
December 1, 2005	6,021	8.75	September 1, 2010	4,359	4.00
March 1, 2006	267	12.50	October 1, 2010	123	8.75
June 1, 2006	7,538	3.00	March 1, 2011	624	9.00
September 1, 2006	9,027	5.75	June 1, 2011	12,639	6.00
October 1, 2006	768	14.00	June 1, 2011	622	8.50
December 1, 2006	6,000	3.25	June 1, 2012	11,415	5.25
December 1, 2006	5,867	7.00	June 1, 2013	12,000	5.25
March 1, 2007	193	13.75	March 1, 2014	996	10.25
June 1, 2007	5,600	3.00	June 1, 2014	10,867	5.00
June 1, 2007	7,030	7.25	June 1, 2015	5,200	4.50
September 1, 2007	9,725	4.50	June 1, 2015	483	11.25
October 1, 2007	468	13.00	March 1, 2021	1,001	10.50
March 1, 2008	579	12.75	June 1, 2021	609	9.75
June 1, 2008	5,010	6.00	June 1, 2022	550	9.25
June 1, 2008	3,037	10.00	June 1, 2023	7,182	8.00
September 1, 2008	11,400	4.25	June 1, 2025	7,937	9.00
October 1, 2008	396	11.75	June 1, 2027	8,761	8.00
March 1, 2009	140	11.50	June 1, 2029	13,769	5.75
June 1, 2009	8,042	5.50	June 1, 2033	13,410	5.75
June 1, 2009	638	11.00	June 1, 2037	3,349	5.00
September 1, 2009	10,100	4.25			
			Total	**244,277**	

Reference Table X *(cont'd)*

Outstanding Government of Canada Canadian-Dollar Marketable Bonds as at March 31, 2005

Maturity date	Amount	Coupon rate
	($ millions)	(%)
Real Return Bonds		
December 1, 2021	5,175	4.25
December 1, 2026	5,250	4.25
December 1, 2031	5,800	4.00
December 1, 2036	2,800	3.00
Total	**19,025**	

Source: Bank of Canada.

Reference Table XI

Government of Canada Swaps Outstanding as at March 31, 2005

Domestic interest-rate swaps

Maturity date	Coupon[1]	Notional amount
	(%)	($ millions)
Total		**0**

Foreign interest-rate swaps

Maturity date	Coupon[1]	Notional amount
	(%)	(US$ millions)
November 19, 2007	4.00	25.35
November 5, 2008	5.25	200.00
November 5, 2008	5.25	500.00
November 5, 2008	5.25	500.00
Total		**1,225.35**

Cross-currency swaps of foreign obligations

Maturity date	Notional amount
	(US$ millions)
October 3, 2007	319.00
January 31, 2008	43.88
Total	**362.88**

[1] Refers to the coupon of the underlying bond that was swapped.

Reference Table XI *(cont'd)*
Government of Canada Swaps Outstanding as at March 31, 2005

Cross-currency swaps of domestic obligations		
Maturity date	**Notional amount**	**Currency paid**
	(US$ millions)	
September 1, 2005	90.72	EUR
September 1, 2005	60.48	EUR
September 1, 2005	90.72	EUR
September 1, 2005	36.29	EUR
September 1, 2005	90.72	EUR
September 1, 2005	60.48	EUR
September 1, 2005	36.29	EUR
September 1, 2005	60.48	EUR
September 1, 2005	90.72	EUR
September 1, 2005	90.72	EUR
September 1, 2005	100.00	USD
November 23, 2005	150.00	USD
December 1, 2005	90.72	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.4	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.4	EUR
December 1, 2005	90.72	EUR
December 1, 2005	90.72	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.48	EUR
December 1, 2005	60.48	EUR
December 1, 2005	50.00	USD
December 1, 2005	50.00	USD
December 1, 2005	50.00	USD
December 1, 2005	500.00	USD
December 1, 2005	54.05	USD

Cross-currency swaps of domestic obligations		
Maturity date	**Notional amount**	**Currency paid**
	(US$ millions)	
March 1, 2006	90.72	EUR
March 1, 2006	60.48	EUR
March 1, 2006	60.48	EUR
March 1, 2006	60.48	EUR
March 1, 2006	90.72	EUR
March 1, 2006	50.00	USD
March 1, 2006	53.98	USD
September 1, 2006	60.48	EUR
October 1, 2006	60.48	EUR
October 1, 2006	50.00	USD
October 1, 2006	50.00	USD
October 30, 2006	250.00	USD
November 23, 2006	150.00	USD
December 1, 2006	60.48	EUR
December 1, 2006	90.72	EUR
December 1, 2006	60.48	EUR
December 1, 2006	90.72	EUR
December 1, 2006	54.95	USD
March 1, 2007	30.24	EUR
June 1, 2007	120.96	EUR
June 1, 2007	60.48	EUR
June 1, 2007	60.48	EUR
June 1, 2007	60.48	EUR
June 1, 2007	250.00	USD
June 1, 2007	250.00	USD
June 1, 2007	250.00	USD
June 1, 2007	75.00	USD
June 1, 2007	75.00	USD
October 1, 2007	60.48	EUR
October 1, 2007	60.48	EUR
October 1, 2007	60.48	EUR
October 1, 2007	30.24	EUR
March 1, 2008	60.48	EUR
March 1, 2008	90.72	EUR
March 1, 2008	50.00	USD
March 1, 2008	50.00	USD

Reference Table XI *(cont'd)*
Government of Canada Swaps Outstanding as at March 31, 2005

Cross-currency swaps of domestic obligations		
Maturity date	**Notional amount**	**Currency paid**
	(US$ millions)	
March 1, 2008	50.00	USD
March 1, 2008	50.00	USD
March 1, 2008	100.00	USD
March 1, 2008	75.00	USD
March 1, 2008	50.00	USD
March 1, 2008	200.00	USD
June 1, 2008	60.48	EUR
June 1, 2008	60.48	EUR
June 1, 2008	60.48	EUR
June 1, 2008	60.48	EUR
June 1, 2008	50.00	USD
June 1, 2008	50.00	USD
June 1, 2008	100.00	USD
June 1, 2008	100.00	USD
June 1, 2008	100.00	USD
June 1, 2008	100.00	USD
June 1, 2008	250.00	USD
June 1, 2008	50.00	USD
September 30, 2008	50.00	USD
October 1, 2008	90.72	EUR
October 1, 2008	90.72	EUR
October 1, 2008	60.48	EUR
October 1, 2008	60.48	EUR
October 1, 2008	70.00	USD
October 1, 2008	50.00	USD
October 1, 2008	70.00	USD
March 1, 2009	90.72	EUR
March 1, 2009	60.48	EUR
March 1, 2009	70.00	USD
March 1, 2009	50.00	USD
March 1, 2009	75.00	USD
March 1, 2009	75.00	USD
March 1, 2009	100.00	USD
March 1, 2009	50.00	USD
March 1, 2009	50.00	USD
March 1, 2009	65.00	USD

Cross-currency swaps of domestic obligations		
Maturity date	**Notional amount**	**Currency paid**
	(US$ millions)	
June 1, 2009	90.72	EUR
June 1, 2009	90.72	EUR
June 1, 2009	90.72	EUR
June 1, 2009	60.48	EUR
June 1, 2009	60.48	EUR
June 1, 2009	90.72	EUR
June 1, 2009	90.72	EUR
June 1, 2009	60.48	EUR
June 1, 2009	70.00	USD
June 1, 2009	65.00	USD
June 1, 2009	70.00	USD
June 1, 2009	50.00	USD
June 1, 2009	100.00	USD
June 1, 2009	50.00	USD
June 1, 2009	100.00	USD
October 1, 2009	90.72	EUR
October 1, 2009	60.48	EUR
October 1, 2009	60.48	EUR
October 1, 2009	60.48	EUR
October 1, 2009	60.48	EUR
October 1, 2009	60.48	EUR
October 1, 2009	60.48	EUR
October 1, 2009	60.48	EUR
October 1, 2009	60.48	EUR
October 1, 2009	120.96	EUR
October 1, 2009	60.48	EUR
October 1, 2009	60.48	EUR
October 1, 2009	60.48	EUR
October 1, 2009	90.72	EUR
October 1, 2009	70.42	USD
October 1, 2009	75.00	USD
October 1, 2009	82.94	USD
October 1, 2009	80.66	USD
October 1, 2009	80.69	USD

Reference Table XI *(cont'd)*
Government of Canada Swaps Outstanding as at March 31, 2005

Cross-currency swaps of domestic obligations		
Maturity date	Notional amount	Currency paid
	(US$ millions)	
March 1, 2010	60.48	EUR
March 1, 2010	60.48	EUR
March 1, 2010	60.48	EUR
March 1, 2010	60.48	EUR
March 1, 2010	90.72	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	48.38	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	36.29	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	60.48	EUR
June 1, 2010	74.61	JPY
June 1, 2010	50.00	USD
October 1, 2010	60.48	EUR
October 1, 2010	60.48	EUR
October 1, 2010	90.72	EUR
October 1, 2010	90.72	EUR
October 1, 2010	48.38	EUR
October 1, 2010	90.72	EUR
October 1, 2010	60.48	EUR
October 1, 2010	60.48	EUR
October 1, 2010	90.72	EUR

Cross-currency swaps of domestic obligations		
Maturity date	Notional amount	Currency paid
	(US$ millions)	
October 1, 2010	50.00	USD
March 1, 2011	50.00	USD
March 1, 2011	75.00	USD
March 1, 2011	75.00	USD
March 1, 2011	50.00	USD
March 11, 2011	75.00	USD
June 1, 2011	60.48	EUR
June 1, 2011	60.48	EUR
June 1, 2011	90.72	EUR
June 1, 2011	50.00	USD
June 1, 2011	75.00	USD
June 1, 2011	75.00	USD
June 1, 2011	75.00	USD
June 1, 2011	50.00	USD
June 1, 2011	50.00	USD
June 1, 2011	50.00	USD
June 1, 2011	50.00	USD
June 1, 2011	50.00	USD
June 1, 2011	50.00	USD
June 1, 2011	50.00	USD
June 1, 2011	75.00	USD
June 1, 2011	50.00	USD
June 1, 2012	60.48	EUR
June 1, 2012	60.48	EUR
June 1, 2012	100.00	USD
June 1, 2012	50.00	USD
June 1, 2012	75.00	USD
June 1, 2012	75.00	USD
June 1, 2012	75.00	USD
June 1, 2012	50.00	USD
June 1, 2012	50.00	USD
June 1, 2012	75.00	USD
June 1, 2012	75.00	USD
June 1, 2012	50.00	USD

Reference Table XI *(cont'd)*
Government of Canada Swaps Outstanding as at March 31, 2005

Cross-currency swaps of domestic obligations			Cross-currency swaps of domestic obligations		
Maturity date	Notional amount	Currency paid	Maturity date	Notional amount	Currency paid
	(US$ millions)			(US$ millions)	
June 1, 2012	50.00	USD	March 15, 2014	75.00	USD
June 1, 2012	50.00	USD	March 15, 2014	50.00	USD
June 1, 2012	75.00	USD	March 15, 2014	75.00	USD
June 1, 2012	75.00	USD	March 15, 2014	75.00	USD
June 1, 2012	75.00	USD	March 15, 2014	75.00	USD
June 1, 2012	50.00	USD	June 1, 2014	75.00	USD
June 1, 2012	75.00	USD	June 1, 2014	75.00	USD
June 1, 2012	50.00	USD	June 1, 2014	75.00	USD
June 1, 2013	75.00	USD	June 1, 2014	75.00	USD
June 1, 2013	25.00	USD	June 1, 2014	75.00	USD
June 1, 2013	75.00	USD	June 1, 2014	50.00	USD
June 1, 2013	75.00	USD	June 1, 2014	75.00	USD
June 1, 2013	75.00	USD	June 1, 2014	50.00	USD
June 1, 2013	75.00	USD	June 1, 2014	100.00	USD
June 1, 2013	75.00	USD	June 1, 2014	50.00	USD
June 1, 2013	100.00	USD	June 1, 2014	75.00	USD
June 1, 2013	100.00	USD	June 1, 2014	75.00	USD
June 1, 2013	75.00	USD	June 1, 2014	75.00	USD
June 1, 2013	25.00	USD	June 1, 2015	75.00	USD
June 1, 2013	50.00	USD	June 1, 2015	75.00	USD
March 15, 2014	50.00	USD	June 1, 2015	50.00	USD
March 15, 2014	75.00	USD	June 1, 2015	100.00	USD
March 15, 2014	75.00	USD	June 1, 2015	75.00	USD
March 15, 2014	100.00	USD	June 1, 2015	75.00	USD
March 15, 2014	50.00	USD	June 1, 2015	75.00	USD
March 15, 2014	75.00	USD			
March 15, 2014	50.00	USD	**Total**	**19,291.04**	

Notes: USD converted with CAD/USD rate as of March 31, 2005. EUR converted with CAD/EUR rate as of March 31, 2005. JPY converted with USD/JPY and CAD/USD rates as of March 31, 2005. Numbers may not add due to rounding.

Source: Department of Finance.

Reference Table XII
Bond Buyback Program—Operations in 2004–05

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
Buyback on cash basis			
April 28, 2004	June 1, 2010	5.50	85
	June 1, 2021	9.75	280
	June 1, 2022	9.25	25
	June 1, 2023	8.00	90
	June 1, 2025	9.00	3
	June 1, 2027	8.00	17
	Total		**500**
May 12, 2004	June 1, 2007	7.25	100
	June 1, 2009	5.50	299
	June 1, 2010	5.50	93
	June 1, 2010	9.50	14
	Total		**506**
May 26, 2004	September 1, 2006	5.75	195
	June 1, 2007	7.25	140
	June 1, 2008	6.00	190
	June 1, 2009	5.50	75
	Total		**600**
July 14, 2004	March 15, 2021	10.50	60
	June 1, 2021	9.75	19
	June 1, 2022	9.25	31
	June 1, 2023	8.00	130
	June 1, 2025	9.00	156
	June 1, 2027	8.00	104
	Total		**500**
August 11, 2004	June 1, 2010	5.50	290
	March 15, 2014	10.25	30
	June 1, 2021	9.75	4
	June 1, 2022	9.25	1
	June 1, 2023	8.00	10
	June 1, 2025	9.00	25
	June 1, 2027	8.00	20
	Total		**380**
August 25, 2004	June 1, 2007	7.25	15
	June 1, 2008	6.00	348
	June 1, 2008	10.00	6
	June 1, 2009	5.50	50
	June 1, 2010	5.50	140
	June 1, 2010	9.50	9
	Total		**568**
September 15, 2004	September 1, 2006	5.75	131
	June 1, 2007	7.25	45
	June 1, 2008	6.00	25
	June 1, 2009	5.50	5
	Total		**206**
October 13, 2004	March 15, 2014	10.25	150
	March 15, 2021	10.50	37
	June 1, 2021	9.75	79
	June 1, 2023	8.00	85
	June 1, 2025	9.00	40
	June 1, 2027	8.00	9
	Total		**400**
November 17, 2004	June 1, 2008	6.00	177
	June 1, 2008	10.00	9
	June 1, 2009	5.50	50
	June 1, 2010	5.50	175
	June 1, 2011	6.00	189
	Total		**600**
December 8, 2004	September 1, 2007	4.50	225
	June 1, 2008	6.00	90
	June 1, 2009	5.50	184
	June 1, 2009	11.00	3
	Total		**502**

Reference Table XII *(cont'd)*
Bond Buyback Program—Operations in 2004–05

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
January 12, 2005	March 15, 2021	10.50	4
	June 1, 2021	9.75	27
	June 1, 2022	9.25	3
	June 1, 2023	8.00	85
	June 1, 2025	9.00	139
	June 1, 2027	8.00	65
	June 1, 2029	5.75	81
	Total		**404**
February 2, 2005	June 1, 2011	6.00	148
	June 1, 2012	5.25	150
	March 15, 2014	10.25	102
	June 1, 2023	8.00	100
	Total		**500**
February 16, 2005	June 1, 2008	6.00	265
	June 1, 2009	5.50	24
	June 1, 2010	5.50	125
	June 1, 2010	9.50	6
	June 1, 2011	6.00	159
	June 1, 2011	8.50	20
	Total		**600**
March 16, 2005	September 1, 2007	4.50	290
	June 1, 2008	6.00	200
	June 1, 2008	10.00	1
	Total		**491**
	Grand Total		**6,757**
Buyback on switch basis			
April 7, 2004	June 1, 2008	6.00	68
	October 1, 2008	11.75	2
	June 1, 2009	5.50	235
	October 1, 2009	10.75	7
	Total		**312**
April 22, 2004	September 1, 2006	5.75	72
	June 1, 2007	7.25	100
	June 1, 2008	6.00	76
	June 1, 2008	10.00	7
	Total		**255**
June 17, 2004	June 1, 2011	6.00	350
	March 15, 2014	10.25	118
	March 15, 2021	10.50	3
	June 1, 2021	9.75	5
	June 1, 2023	8.00	35
	Total		**510**
July 21, 2004	June 1, 2007	7.25	10
	October 1, 2007	13.00	2
	March 1, 2008	12.75	2
	June 1, 2008	6.00	50
	March 1, 2009	11.50	4
	June 1, 2009	5.50	181
	June 1, 2010	5.50	16
	June 1, 2010	9.50	37
	Total		**302**
August 5, 2004	September 1, 2006	5.75	55
	June 1, 2007	7.25	270
	June 1, 2008	10.00	2
	Total		**328**
September 9, 2004	June 1, 2021	9.75	28
	June 1, 2022	9.25	15
	June 1, 2023	8.00	30
	June 1, 2025	9.00	30
	June 1, 2029	5.75	50
	Total		**152**
September 23, 2004	June 1, 2010	5.50	107
	March 1, 2011	9.00	8
	June 1, 2011	6.00	550
	Total		**665**
October 6, 2004	June 1, 2008	6.00	116
	October 1, 2008	11.75	4
	March 1, 2009	11.50	5
	October 1, 2009	10.75	2
	June 1, 2010	9.50	150
	Total		**277**

Reference Table XII *(cont'd)*
Bond Buyback Program—Operations in 2004–05

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
November 3, 2004	June 1, 2021	9.75	140
	June 1, 2023	8.00	125
	June 1, 2025	9.00	46
	Total		**311**
December 15, 2004	June 1, 2011	6.00	150
	March 15, 2014	10.25	161
	June 1, 2021	9.75	51
	June 1, 2025	9.00	52
	Total		**414**
January 19, 2005	June 1, 2008	6.00	225
	June 1, 2010	5.50	100
	October 1, 2010	8.75	9
	Total		**334**
February 9, 2005	September 1, 2006	5.75	145
	October 1, 2006	14.00	2
	March 1, 2007	13.75	3
	September 1, 2007	4.50	160
	October 1, 2007	13.00	5
	June 1, 2008	6.00	4
	Total		**319**
March 9, 2005	June 1, 2011	6.00	265
	June 1, 2012	5.25	35
	March 15, 2014	10.25	143
	June 1, 2025	9.00	57
	Total		**500**
	Grand Total		**4,680**

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
Cash management bond buyback			
April 6, 2004	June 1, 2004	3.50	1,030
	June 1, 2004	6.50	20
	September 1, 2004	5.00	450
	Total		**1,500**
April 20, 2004	June 1, 2004	3.50	393
	June 1, 2004	6.50	106
	September 1, 2004	5.00	14
	December 1, 2004	4.25	988
	Total		**1,500**
May 4, 2004	June 1, 2004	3.50	228
	September 1, 2004	5.00	459
	Total		**686**
June 1, 2004	September 1, 2004	5.00	300
	December 1, 2004	4.25	100
	June 1, 2005	3.50	374
	Total		**774**
June 15, 2004	December 1, 2004	4.25	100
	June 1, 2005	3.50	200
	Total		**300**
June 29, 2004	September 1, 2004	5.00	325
	December 1, 2004	4.25	100
	December 1, 2004	9.00	25
	June 1, 2005	3.50	550
	Total		**1,000**
July 13, 2004	September 1, 2004	5.00	214
	December 1, 2004	4.25	105
	Total		**319**

Reference Table XII *(cont'd)*
Bond Buyback Program—Operations in 2004–05

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
July 27, 2004	September 1, 2004	5.00	16
	December 1, 2004	4.25	518
	December 1, 2004	9.00	50
	Total		**584**
August 10, 2004	September 1, 2004	5.00	230
	December 1, 2004	4.25	400
	June 1, 2005	3.50	50
	Total		**680**
September 7, 2004	June 1, 2005	3.50	100
	September 1, 2005	6.00	410
	September 1, 2005	12.25	45
	Total		**555**
September 21, 2004	September 1, 2005	6.00	97
	Total		**97**
October 5, 2004	December 1, 2004	4.25	130
	September 1, 2005	6.00	253
	September 1, 2005	12.25	4
	Total		**387**
October 19, 2004	December 1, 2004	4.25	476
	Total		**476**
November 2, 2004	December 1, 2004	4.25	478
	December 1, 2004	9.00	18
	September 1, 2005	12.25	4
	Total		**500**
December 14, 2004	September 1, 2005	6.00	220
	December 1, 2005	3.00	575
	December 1, 2005	8.75	40
	Total		**835**
December 29, 2004	September 1, 2005	6.00	256
	December 1, 2005	3.00	300
	December 1, 2005	8.75	69
	Total		**625**
January 11, 2005	September 1, 2005	6.00	30
	December 1, 2005	3.00	375
	December 1, 2005	8.75	28
	Total		**433**
January 25, 2005	September 1, 2005	6.00	187
	Total		**187**
February 8, 2005	September 1, 2005	6.00	200
	December 1, 2005	3.00	455
	December 1, 2005	8.75	13
	Total		**668**
February 22, 2005	September 1, 2005	6.00	100
	December 1, 2005	3.00	140
	December 1, 2005	8.75	138
	Total		**378**
March 8, 2005	June 1, 2005	3.50	42
	December 1, 2005	3.00	94
	December 1, 2005	8.75	64
	Total		**200**
March 22, 2005	June 1, 2005	3.50	4
	September 1, 2005	6.00	228
	December 1, 2005	3.00	20
	Total		**252**
	Grand Total		**12,936**

Source: Bank of Canada.

Reference Table XIII
Canada Savings Bonds and Canada Premium Bonds, Fiscal 1983–84 to Fiscal 2004–05

Fiscal year	Gross sales	Net change	Outstanding at fiscal year end
		($ millions)	
1983–84	11,584	5,650	38,403
1984–85	12,743	3,764	42,167
1985–86	15,107	2,440	44,607
1986–87	9,191	-22	44,585
1987–88	17,450	8,921	53,506
1988–89	14,962	-5,456	48,050
1989–90	9,338	-6,813	41,237
1990–91	6,720	-6,500	34,737
1991–92	9,588	1,151	35,888
1992–93	9,235	-1,172	34,716
1993–94	5,364	-3,089	31,627
1994–95	7,506	-96	31,531
1995–96	4,612	10	31,541
1996–97	5,747	2,050	33,591
1997–98	4,951	-2,796	30,795
1998–99	4,844	-2,187	28,608
1999–00	2,669	-1,510	27,098
2000–01	3,188	-531	26,567
2001–02	2,728	-2,283	24,284
2002–03	3,523	-1,406	22,878
2003–04	2,881	-1,350	21,528
2004–05	1,445	-2,285	19,243

Note: Figures are in accordance with Bank of Canada audited reports, which may vary from Public Accounts reports due to differences in classification.

Source: Bank of Canada.

Reference Table XIV

Crown Corporation Borrowings as at March 31, 2005

Borrowings from the market	1997	1998	1999	2000	2001	2002	2003	2004	2005
					($ millions)				
Export Development Canada	7,820	10,077	12,967	16,888	18,406	20,481	20,375	17,178	16,191
Canadian Wheat Board[1]	6,474	6,698	6,786	542	425	397	378	12	6
Business Development Bank of Canada	3,371	3,839	4,223	4,723	5,102	5,726	6,263	7,302	7,432
Farm Credit Canada	1,926	3,026	4,317	5,083	5,695	7,096	8,082	9,209	10,181
Canada Mortgage and Housing Corporation	7,866	9,934	10,633	10,801	11,672	11,372	11,091	10,441	9,573
Petro-Canada Ltd.	432	443	471	338	0	0	0	0	0
Canada Ports Corporation	0	3	79	69	0	0	0	0	0
Canada Post Corporation	n/a	n/a	n/a	150	56	63	114	108	71
Other	226	258	222	46	44	40	39	45	36
Total	28,115	34,278	39,698	38,640	41,400	45,175	46,342	44,295	43,490

[1] Effective December 31, 1998, the Canadian Wheat Board (CWB) ceased to be an agent of Her Majesty and a Crown corporation under the Financial Administration Act. Borrowings subsequent to this date at March 31, 2005, as a non-agent are $5,378 million. Therefore, total borrowings of the CWB are $5,384 million ($6 million + $5,378 million).

Borrowings from the Consolidated Revenue Fund	1997	1998	1999	2000	2001	2002	2003	2004	2005
					($ millions)				
Canada Mortgage and Housing Corporation	6,939	6,708	6,298	6,076	5,852	5,626	5,408	5,189	4,999
Canada Deposit Insurance Corporation	855	395	0	0	0	0	0	0	0
Farm Credit Canada	2,507	1,877	1,041	805	578	0	0	0	0
Other	203	179	121	62	91	101	38	66	65
Total	10,504	9,159	7,460	6,943	6,521	5,727	5,446	5,255	5,064

Note: Figures do not include "allowance for valuation."

Source: *Public Accounts of Canada.*